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F-18

F-18

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## Legislative Assembly of Ontario

First Session, 39<sup>th</sup> Parliament

## Assemblée législative de l'Ontario

Première session, 39<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 23 October 2008

# Journal des débats (Hansard)

Jeudi 23 octobre 2008

## Standing Committee on Finance and Economic Affairs

Ideas for the Future Act, 2008

## Comité permanent des finances et des affaires économiques

Loi de 2008 sur des idées d'avenir





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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRS****COMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES**

Thursday 23 October 2008

Jeudi 23 octobre 2008

*The committee met at 0902 in room 151.***SUBCOMMITTEE REPORT**

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. Good morning, committee. We'll have the subcommittee report read into the record. Mr. Arthurs.

**Mr. Wayne Arthurs:** Your subcommittee met on Wednesday, October 8, 2008, to consider the method of proceeding on Bill 100, An Act to amend the Corporations Tax Act and the Taxation Act, 2007, and recommends the following:

(1) That the committee hold public hearings in Toronto on Thursday, October 23, 2008.

(2) That the committee clerk, in consultation with the Chair, post information regarding public hearings on the Ontario parliamentary channel and the committee's website.

(3) That the committee clerk, in consultation with the Chair, place an advertisement no later than the week of October 13, 2008, in the Globe and Mail and Le Droit newspapers.

(4) That interested parties who wish to be considered to make an oral presentation contact the committee clerk by 5 p.m. on Monday, October 20, 2008.

(5) That the committee clerk distribute to each of the subcommittee members a list of all the potential witnesses who have requested to appear before the committee by 6 p.m. on Monday, October 20, 2008.

(6) That, if necessary, the members of the subcommittee prioritize the list of requests to appear and return it to the committee clerk by 12 noon on Tuesday, October 21, 2008.

(7) That, if all requests to appear can be scheduled, the committee clerk can proceed to schedule all witnesses, and no prioritized list will be required.

(8) That all witnesses be offered 10 minutes for their presentation and that witnesses be scheduled in 15-minute intervals to allow for questions from committee members if necessary.

(9) That the deadline for written submissions be 12 noon on Friday, October 24, 2008.

(10) That the research officer provide a summary of the presentations on the morning of Tuesday, October 28, 2008.

(11) That, for administrative purposes, amendments to the bill be filed with the clerk of the committee by 12 noon on Tuesday, October 28, 2008.

(12) That the committee meet on Thursday, October 30, 2008, for clause-by-clause consideration of the bill.

(13) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

Chairman, that's your subcommittee report.

**The Chair (Mr. Pat Hoy):** Thank you. All in favour? Carried.

**IDEAS FOR THE FUTURE ACT, 2008****LOI DE 2008 SUR DES IDÉES D'AVENIR**

Consideration of Bill 100, An Act to amend the Corporations Tax Act and the Taxation Act, 2007 / Projet de loi 100, Loi modifiant la Loi sur l'imposition des sociétés et la Loi de 2007 sur les impôts.

**CANADIAN FEDERATION  
OF STUDENTS-ONTARIO**

**The Chair (Mr. Pat Hoy):** Very good, and now we'll hear from our presenter this morning, the Canadian Federation of Students-Ontario. Would you come forward, please?

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard.

**Ms. Meghan Gallant:** Sure. First of all, thank you very much to members of the committee for hearing me speak today. It's our pleasure to be here. My name is Meghan Gallant and I am the vice-chairperson of the Ontario Graduate Caucus of the Canadian Federation of Students-Ontario. This is James Beaton, who is our provincial researcher.

I am here on behalf of the over 50,000 Ontario graduate students represented by the Ontario Graduate Caucus of the Canadian Federation of Students to relay our concerns about Bill 100, An Act to amend the Corporations Tax Act and the Taxation Act, 2007. This bill aims to provide tax refunds for 10 years to start-up companies created to commercialize university research



and is part of a larger trend to prioritize commercializable research over basic research at our public universities and colleges. This trend poses risks to research integrity, ignores important research that may not have immediate commercial application, and may discourage research productivity.

We recommend a reinvestment into basic research and the Ontario graduate scholarship program, lower tuition fees for post-secondary students, and the reimplementation of post-residency fees for graduate students. Further, we recommend that the tax revenues generated from these new start-ups be redirected to graduate scholarships rather than to tax refunds.

Research commercialization is increasing dramatically across Canada; government cutbacks to research funding in the 1980s and 1990s left many universities looking for private funds to maintain their research efforts. Recent federal and provincial reinvestment in research has often included matched private funding requirements or been linked to commercialization outcomes. Cash-strapped university administrations have supported these efforts in hopes of bringing in needed research funding, but the result has been to pull the focus of universities away from the basic research that is undertaken nowhere else in our society, toward commercially oriented research that is common through the private sector.

Basic research is the root of all innovation; without it, we limit the knowledge base from which future researchers will draw. Funding research based on projected commercial outcomes or providing incentives to commercially motivated research limits the questions researchers ask and ignores worthwhile research, particularly in the humanities and social sciences.

Commercialization initiatives have also introduced or exacerbated a number of problems. Industry-sponsored research projects leave researchers dependent on continued private partnerships for funding. When results are not positive for industry sponsors, this leaves researchers with a decision on whether to release their results. Some researchers choose not to publish their negative results, meaning their work may be duplicated unknowingly by other researchers. Others may feel pressure to alter their results or to change the question asked, to support industry-favoured outcomes. Research shows that industry sponsorship leads to increased reporting of pro-industry results. And those who have opted to publish their negative results despite their industry sponsors have faced smear campaigns, lawsuits and irreparable damage to their careers. These partnerships introduce researchers to a complex legal terrain associated with negotiating intellectual property rights, publishing and patenting controls, and even access to data and results. University resources must now be allocated to legal expenses and training, and researchers' time is spent on negotiating these agreements and contracts.

Another change that can be observed is the increasingly closed research environments in our universities. If researchers hope to patent their research, they are not able to discuss their ongoing work. This is a stark con-

trast to the scholarly discussion that was typical at academic meetings and conferences and between colleagues. This inability to discuss findings, combined with delays in publishing to meet patent or commercial requirements or favourable market conditions, hinders research collaboration and can actually slow innovation.

The majority of university research is conducted by graduate students, and most faculty are aware that the best way to increase research productivity is to admit more graduate students. The Ontario government has called for the rapid expansion of graduate enrolment, and universities are hastening to meet these targets. Despite this, funding to the Ontario graduate scholarships, the primary provincial scholarship program, remains stagnant at 2,000 scholarships per year, with a value of \$15,000 for each scholarship. This is contrasted with an enrolment of over 37,000 graduate students across Ontario. While some graduate students receive a guaranteed minimum level of funding from their universities, many remain unfunded and most remain underfunded. These low funding levels are further undermined by increasing tuition fees. Ontario has the highest graduate tuition fees in Canada, approaching \$9,000 per year, and, unlike most other provinces, requires graduate students to pay these fees through the full course of their degrees. Other provinces have post-residency fees that are lower than full tuition and that are paid after students complete the coursework of their degree programs and begin the research and writing stages of their degrees. These post-residency fees allow students to focus on their research rather than seek employment to cover their tuition fees.

The estimated costs of this bill of \$5 million in the first year and \$7 million in the second year will have a minimal impact on enticing new start-up companies, but could create 333 new Ontario graduate scholarships in the first year of its inception and 466 in the second, if these funds were redirected. I can assure committee members that the effect of this would not be trivial and would provide a minimum standard of living to the graduate students who are producing the research and would allow them to focus on the research that they are conducting.

**0910**

I urge you to reconsider the thinking behind this bill, to reinvest money into a strategy that will enhance research in Ontario, and to redirect any money that would be refunded to start-up companies through Bill 100 to increase the number of scholarships available for graduate students.

Thank you for your time, and I look forward to any of your questions.

**The Chair (Mr. Pat Hoy):** And thank you for the presentation. The questioning will go to the official opposition.

**Mr. Ted Arnott:** Mr. Chair, given that this is the only presentation of the morning, would it not be fair to allow each caucus to ask a question if they choose to?

**The Chair (Mr. Pat Hoy):** It's in the hands of the committee.



**Mr. Wayne Arthurs:** We're quite satisfied to have the official opposition ask questions, from our perspective.

**Mr. Ted Arnott:** Well, thank you very much.

Let me express my appreciation to your organization, the Canadian Federation of Students of Ontario graduate student caucus, for making, really, the only presentation on this bill. We would have expected and hoped that there would have been more groups and individuals who would want to come forward to discuss this important issue. Unfortunately, there weren't more, but I'm certainly pleased that you are here. I think you offer an interesting perspective that I don't think had really been discussed in the debate at second reading, quite frankly—certainly from the debates that I saw and was witness to.

From our perspective as a Conservative caucus, we've expressed support for this bill in principle, but we see it very much as a modest proposal, like you do, that maybe isn't going to match the hype that the government has set for the achievements that they hope to see coming from Bill 100. I think it makes sense to encourage the commercialization of research at our post-secondary institutions, but I really don't think this is likely to have

the positive impact that the government would lead us to believe.

You've used your opportunity here to talk about a number of the other issues relating to grad students, and you argued for greater provincial support and funding for the graduate student programs. I certainly understand that. The difficulty we are in right now, of course, is, with the declining economy and the challenges we're facing, it's going to be tougher and tougher, but certainly you've had this opportunity to express your views, and we do appreciate it.

I don't have any specific questions; you've laid out your concerns very clearly, and again, I want to express my appreciation for your coming forward.

**Ms. Meghan Gallant:** Thank you. I would just note that I think all of our concerns are very much interlinked. This prioritization of commercializable research is linked to a shift away from certain types of funding for our universities, and that is linked to graduate funding levels, but I appreciate your comments.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation before the committee. We are adjourned.

*The committee adjourned at 0915.*







## CONTENTS

Thursday 23 October 2008

<b>Subcommittee report</b> .....	F-469
<b>Ideas for the Future Act, 2008, Bill 100, <i>Mr. Duncan / Loi de 2008</i></b>	
<b>sur des idées d'avenir, projet de loi 100, <i>M. Duncan</i></b> .....	F-469
Canadian Federation of Students–Ontario .....	F-469
Ms. Meghan Gallant	

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F-19

F-19

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First Session, 39<sup>th</sup> Parliament

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Ideas for the Future Act, 2008

## Assemblée législative de l'Ontario

Première session, 39<sup>e</sup> législature

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## Comité permanent des finances et des affaires économiques

Loi de 2008 sur des idées d'avenir



Chair: Pat Hoy  
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STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 30 October 2008

Jeudi 30 octobre 2008

*The committee met at 0900 in room 151.*

## IDEAS FOR THE FUTURE ACT, 2008

## LOI DE 2008 SUR DES IDÉES D'AVENIR

Consideration of Bill 100, An Act to amend the Corporations Tax Act and the Taxation Act, 2007 / Projet de loi 100, Loi modifiant la Loi sur l'imposition des sociétés et la Loi de 2007 sur les impôts.

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. We're here at committee this morning for our clause-by-clause consideration of Bill 100.

Our first motion is from the official opposition, Mr. Hudak.

**Mr. Tim Hudak:** Outstanding. All right, Mr. Chairman.

I move that the definition of "eligible commercialization business" in subsection 57.13(1) of the Corporations Tax Act, in section 1 of the bill, be amended by striking out the portion of the definition before clause (b) and substituting the following:

"eligible commercialization business' means any active business carried on in Ontario,

"(a) that is not limited to,

"(i) an advanced health technology business,

"(ii) a bioeconomy business, or

"(iii) a telecommunications, computer or digital technologies production business that is primarily engaged in activities described in categories 3341, 3342, 3344 or 5112 of the North American Industry Classification System 2007—Canada, as published by Statistics Canada."

What this does is expand the definition of eligible businesses for commercialization purposes to include, basically, all sectors of the Ontario economy, not just the very narrow definition that the government has brought forward.

As you can remember, Mr. Chair, the government's current bill, as it reads, would allow commercialization only in the areas of health technology, bioeconomy, telecommunications, computer or digital technologies production. That represents about 2% of GDP, so there is 98% of our province's businesses or research areas that would not benefit in the least from Bill 100; by way of example—something that's important in your riding as

well as in mine and in my colleague's beside me, Mr. Arnott—the agriculture and agribusiness sector.

There are tremendous innovations, and we're world leaders in that area. However, those who are engaged in that kind of research activity would not benefit from the tax refund in Bill 100, and that's why I moved this expansion.

**The Chair (Mr. Pat Hoy):** Further comment? Mr. Arthurs.

**Mr. Wayne Arthurs:** Very quickly, Mr. Chairman, the government can't support the motion as it's presented to us. Clearly, the objective is to target some areas, and this would open it up to all businesses, everything presumably from law firms with innovative ideas or accounting firms, and that's really not the intention of this particular piece of legislation; it's targeted on research areas that are a little more focused.

**The Chair (Mr. Pat Hoy):** Further comment? Mr. Prue.

**Mr. Michael Prue:** Well, it's not a comment, it's more of a question. My reading of the bill and my understanding of what is being attempted to be done, the intent of your motion—so you can clarify or tell me if that's wrong—is to extend tax breaks to many more types of companies, not just those in bio-tech, advanced health and telecommunications. So it's more like a tax reduction. You're looking for tax reductions across a broad sphere.

**Mr. Tim Hudak:** Yes. We're not changing the mechanism, so it still would be the rebate that occurs under this bill, as opposed to a general tax reduction, but it would, to answer your question more directly, generalize the benefits of Bill 100. While the government targeted four areas, and they are important areas, it's only 2% of our economy. As I mentioned, agriculture and the forestry and mining sectors, for example, are left out. So if a young researcher at Laurentian University had come up with a new innovation to help the mining sector, she could not benefit from this tax break by the narrow definition that the McGuinty government has brought forward.

**Mr. Michael Prue:** I just want to understand. What's being funded here is only \$5 million. So you want to spread that out pretty thin.

**Mr. Tim Hudak:** I think the \$5 million or so is the government's estimation, and there's no doubt that if you expanded the eligible commercialization business, as the

PC caucus has suggested, there probably would be greater take-up. There probably would be a change required in the government's planning, but we don't know why the government has kept such a very narrow focus on how our young scientists and innovators could benefit from this bill.

**Mr. Michael Prue:** Okay, thank you very much.

**Mr. Tim Hudak:** Just to my colleague, Mr. Arthurs, he has come down hard against the poor lawyers and accountants in his earlier comments today. Some of his caucus colleagues may be offended.

**Mr. Wayne Arthurs:** I have nothing against accountants or lawyers in particular.

**Mr. Tim Hudak:** I know that our amendment is a broad amendment. The government has indicated, through the parliamentary assistant, that they don't want to go that broad. Is the parliamentary assistant willing to entertain any additional sectors of the economy or just the four that are listed?

**Mr. Wayne Arthurs:** Very briefly, we're supportive of the legislation as it's presented. We believe there's some discretionary capacity for the Minister of Research and Innovation and the regulatory powers conferred on the Minister of Finance to provide some flexibility on a go-forward basis for the legislation, but we're quite satisfied with the legislation as it's presented.

**Mr. Tim Hudak:** My last question is back to the parliamentary assistant. Has the minister expressed any intention of broadening the legislation? He has, as you mentioned, the regulatory authority to add in more categories. Has he made any decisions in that regard?

**Mr. Wayne Arthurs:** No, not to my knowledge. Currently, we're still dealing with the legislation as presented, but the framework allows for him to have that capacity on a go-forward basis.

**Mr. Tim Hudak:** Then, Chair, my last comments: I think, as you know by the comments of the PC caucus in the Legislature, we are supportive of the general intentions of Bill 100. We have some amendments that we think will improve it, but we do believe that the government is being far too narrow in its definitions and leaving too many of our young entrepreneurs and innovators out in the cold when it comes to the benefits and vision in Bill 100.

I have no further comments on this particular amendment, but I would request a recorded vote, Chair.

**The Chair (Mr. Pat Hoy):** No other comment? I'll put the question.

Ayes

Arnott, Hudak.

Nays

Arthurs, Aggelonitis, Lalonde, Pendergast, Prue, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.

Now we'll go to PC motion number 2 in your packet.

**Mr. Tim Hudak:** I move that the definition of "eligible intellectual property" in subsection 57.13(1) of the Corporations Tax Act, in section 1 of the bill, be struck out and the following substituted:

"eligible intellectual property" means, in respect of a business carried on by a qualifying corporation, property that is,

"(a) a patent issued under the Patent Act (Canada),

"(b) intellectual property in respect of which,

"(i) an application for a patent was filed under the Patent Act (Canada), and

"(ii) a patent is issued pursuant to the application no later than the last day of the qualifying corporation's 10th taxation year ending after incorporation,

"(c) the copyright in a computer program that in the opinion of the Minister of Research and Innovation constitutes a technological advancement at the time the computer program is completed and meets such conditions as may be prescribed by the Minister of Finance, or

"(d) intellectual property that is prescribed by the Minister of Finance or that satisfies such conditions as may be prescribed by the Minister of Finance; ('propriété intellectuelle admissible')."

Similar to our first amendment, Chair, we are expanding the definition of "eligible intellectual property," to include intellectual property that was developed outside a qualifying institute. While we in the PC caucus are strong supporters of the outstanding work done in our universities and associated research institutes in some colleges, we do believe the government has shown too ideological an approach to this in leaving out any private research facilities that may not be currently associated with a qualifying institute. We think that, and we demonstrated during our debate on the bill, a significant number of innovations that have occurred have actually occurred in the private sector or in other groups that are outside the government's current, narrow proposition. Therefore, we think that the definition of "qualifying institute" should include that significant sector of our economy.

0910

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment?

**Mr. Wayne Arthurs:** Very briefly, I think we need to recognize as well that not only this piece of legislation, the OITC will allow for support for colleges, universities and research institutes, including hospitals, but it would—there are other measures in place. The scientific research and development tax credits are in place for the private sector, Ontario innovation tax credits, to help private companies in innovative technologies as well—innovative strategies.

So this is focused. We've had the debate, in part, but this is a focused measure on our hospitals, colleges, universities—primarily colleges and universities—and those other institutions of research.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment?



**Mr. Michael Prue:** I'm a little wary of this, because many of the institutes that you may now be trying to fund are for-profit institutions. They're run by companies. The company intends to market their intellectual property and make a profit off it, which I understand, but I'm wondering why you want to further fund them when the companies involved are already paying for that research.

**Mr. Tim Hudak:** Yes. These are new innovations, new entrepreneurs. Under the definition of the bill, the number of companies that qualify is actually relatively limited, as I think my colleague knows from the way they structure who can approach the government to get the tax refund.

We do believe that it should be a level playing field, whether you're a for-profit or not-for-profit, a hospital or a private research institution. It's a significant sector of our economy that has been left out of the benefits of Bill 100, and we think this will appropriately level the playing field.

**The Chair (Mr. Pat Hoy):** Thank you. Any further comment? Hearing none, I'll put the question.

**Mr. Tim Hudak:** Recorded vote, Chair.

**Ayes**

Arnott, Hudak.

**Nays**

Aggelonitis, Arthurs, Lalonde, Pendergast, Prue, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.  
PC motion number 3.

**Mr. Tim Hudak:** I move that the definition of "qualifying institute" in subsection 57.13(1) of the Corporations Tax Act, in section 1 of the bill, be struck out and the following substituted:

"qualifying institute" means any entity in Ontario where eligible intellectual property is developed."

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Tim Hudak:** This is a companion motion to the previous one, which had purported to amend the definition of "eligible intellectual property"; this one, "qualifying institute." Similarly, the goal of the PC caucus here is to level the playing field to allow institutes where research is conducted—outstanding research moving into innovations that can be commercialized—that have been left out of the bill under the government's current, narrow definition of "qualifying institute."

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment?

**Mr. Wayne Arthurs:** Again, briefly, I appreciate the PC caucus's consistency in bringing forward amendments to broaden the scope. As I said earlier, the government's intention is to be more targeted.

One of the concerns I would have with the amendment—presumably, it would exclude the capacity for colleges, universities or eligible research institutions

outside the province to be eligible if they were to develop activity within the province of Ontario, because it does speak specifically to an entity in Ontario.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Tim Hudak:** As I said, the goal of the amendment, unless we made an error in writing it, was simply to accept those that the government has indicated—universities, colleges, not-for-profit and hospitals—and just add to that those that take place outside of those institutions.

**The Chair (Mr. Pat Hoy):** Any other comment?  
Hearing none—

**Mr. Tim Hudak:** Recorded vote, Chair.

**Ayes**

Arnott, Hudak.

**Nays**

Aggelonitis, Arthurs, Lalonde, Pendergast, Prue, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.  
PC motion number 4.

**Mr. Tim Hudak:** I move that paragraph 1 of subsection 57.13(2) of the Corporations Tax Act, in section 1 of the bill, be amended by striking out "after March 24, 2008 and".

**The Chair (Mr. Pat Hoy):** Any comment?

**Mr. Tim Hudak:** Yes. We have some tremendous success stories in Ontario, particularly in the Kitchener-Waterloo, Cambridge area and Ottawa area, which have already demonstrated an admirable track record of moving innovations into commercialization. We worry that the way Bill 100 is currently written, these companies will be left out of the opportunity to benefit from the tax rebate. Secondly, it may actually create a more inefficient way of bringing products to commercialization by creating a disincentive to use companies that already have a demonstrated track record of success.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Michael Prue:** I'm going to support this motion, not because of the rationale given by Mr. Hudak but because it is so incredibly easy for companies in Ontario—companies anywhere—to literally set up another company. You can get a numbered company for a few dollars, you can go down the street and you could set up a small, little company within the body of a big one and therefore be eligible. It seems to me an awful lot of effort to go to, and if companies want to circumvent this, they can do this very, very easily—if they want to circumvent what was the original intent.

I think to simply say that everyone is eligible is a whole lot better than forcing existing companies to set up alternative smaller companies or numbered companies under their control in order to qualify. It seems a rational and reasonable thing to do, to not put companies through those hoops.

**Mr. Wayne Arthurs:** My view and the government's view would be that we're talking about the establishment of new entities, new companies for the creation of new jobs along the way, but also the new technologies. These are coming out of research institutes—the colleges and universities—so they're not being developed by existing companies as such.

I know the member opposite from the PC caucus, Mr. Hudak, was referencing the Kitchener-Waterloo technology triangle. Ms. Pendergast, who is here with us on the committee this morning, certainly is very familiar with what's happening in that neck of the woods as well. But we're satisfied that leaving the matter as it is in the legislation will achieve the ends that the government would like to see.

**The Chair (Mr. Pat Hoy):** Mr. Arnott?

**Mr. Ted Arnott:** Not surprisingly, I'm going to support this motion. I think Mr. Prue has made a very good point. This motion is entirely consistent with everything I've heard the government say in defence of Bill 100. If in no way expands the scope of the bill, I don't think, if they're concerned about the cost. I would encourage government members to consider supporting it.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, I'll put the question—

**Mr. Tim Hudak:** A recorded vote, Chair.

#### Ayes

Arnott, Hudak, Prue.

#### Nays

Aggelonitis, Arthurs, Lalonde, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost. We turn to PC motion number 5.

**Mr. Tim Hudak:** I move that section 57.13 of the Corporations Tax Act, in section 1 of the bill, be amended by adding the following subsection:

"Forms

"(4) Any application, notice or certificate referred to in this part may be in an electronic format acceptable to the Minister or Revenue."

**The Chair (Mr. Pat Hoy):** Any comment?

**Mr. Tim Hudak:** Yes. I think I might have a chance with this one; I do. We found it kind of ironic that a bill that is about technology, innovation, entrepreneurship and helping—I think largely younger people as well move products into the marketplace, and a better future—is so paper heavy, where you have to fill out one form and send it to one minister, who then gives you another form that you then shop to another minister. It just seems rather arduous and in some ways, probably to a lot of people who follow this bill, a little prehistoric. Why wouldn't the government—especially the Ministry of Research and Innovation, of all ministries—allow for electronic forms in the legislation to make it a lot easier

for these young entrepreneurs to take their products to marketplace?

**The Chair (Mr. Pat Hoy):** Mr. Prue.

**Mr. Michael Prue:** Yes, for pretty much the same rationale; I don't see why this would cause any grief to the government, and certainly if it makes it easier for applications to be made. If there is a format, you simply type the necessary information into the appropriate box and send it off without delay, and it's acceptable to the Minister of Revenue as well. I don't see any harm in this at all.

0920

**Mr. Wayne Arthurs:** I certainly can't disagree that this is a good idea. We've gone, historically, from deals on a handshake to where one has to exchange a lot of paper in the process along the way; electronic filing helps to expedite that. It's my understanding, though, that both the Corporations Tax Act and the Taxation Act, 2007, already allow for electronic filing. So, in effect, although it's a very good idea, the legislation as it exists would allow for electronic filing. Obviously there are issues around security that would have to be resolved in the context of this particular application. I've been advised that both those acts already allow for electronic filing within the legislation, thus incorporating this would be somewhat redundant in the context of what already exists.

**The Chair (Mr. Pat Hoy):** Comments?

**Mr. Tim Hudak:** We're in government, and redundancy is sort of the middle name in government. My friend Mr. Arnott said, "Well, you know, we can help save some trees here." I know that the heavy hand of Dwight Duncan's office is watching over you currently, I do want to say. Look at the way he's scowling at us.

I will remind my colleagues that it does say "may." It doesn't force the minister to do so, but it does give this current Minister of Revenue—or any future Minister of Revenue—that option to make the paperwork, so to speak, a lot easier for these entrepreneurs. I would call on at least one and a half of my colleagues to escort the bill from across the floor.

Recorded vote, please, Chair.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour?

#### Ayes

Arnott, Hudak, Prue.

#### Nays

Aggelonitis, Arthurs, Lalonde, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost. Now we go to the PC motion on page 6.

**Mr. Tim Hudak:** I move that section 57.13 of the Corporations Tax Act, in section 1 of the bill, be amended by adding the following subsection:

"Within reasonable time



“(5) Any certificate or notice required under this part shall be provided within such reasonable time as may be agreed between the applicant and the Minister of Research and Innovation or the Minister of Revenue, as applicable.”

**The Chair (Mr. Pat Hoy):** Any comment?

**Mr. Tim Hudak:** The goal here is to make sure that this process is smooth. As we've mentioned in our critique of the legislation during second reading, there are many steps to this process: from first making sure that you do qualify, getting that certificate of eligibility from the Minister of Research and Innovation and then going back to the Minister of Revenue to seek out the refund. These are busy individuals. Obviously, if they are qualifying for this act under the current narrow restrictions, they won't have a lot of resources at hand. So we think it's very reasonable to ask for the ministries to respond to applicants to Bill 100 in a reasonable time frame.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Michael Prue:** I'm going to support this amendment. I don't think this is all that difficult. The reason I'm supporting the amendment is because the amounts of money and the time frames that are put into the bill—the amounts of money seem to be very small and the take-up probably very, very low. The low cost of the program proves how little this initiative will be used by new companies, at least in the short term. The fact is that most new companies in these fields do not become profitable for between eight and 10 years. That's what they have told our caucus and our researcher, that it takes eight to 10 years to get an idea off the ground and to get it marketable and out there before the company becomes profitable. So during that period the company is probably not paying taxes anyway. All this simply says is that if the company wants to be involved and if the government wants to pay—it may take a longer time or a shorter time—that can be negotiated. If it's a good idea and if it's going to assist the company, I don't see that this is going to cause any grief, and therefore I would support the motion.

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Wayne Arthurs:** I can't support the motion as it's put to us. In fact, I think this might put the kinds of constraints potentially on the capacity of this new entity and government to jointly fulfill their obligations. And when there are some adjustments that have to occur, it may in fact be countermeasured to what the PC caucus has been asking for in part, and that's a broadening of the legislative capacity for other companies, for example, which we don't support. But, having said that, this may put constraints on the ability of new entities and the government to continue to work co-operatively when things don't necessarily mesh quite the way we would like to see them.

**The Chair (Mr. Pat Hoy):** Thank you. Mr. Prue?

**Mr. Michael Prue:** I have to comment on that. I mean, to work co-operatively: This is a negotiative process that's being talked about, and surely the government would want to negotiate if they thought the idea was a

good one. It would give the government flexibility and the company flexibility over a period of time. So I have some difficulty with that. I do agree with the member. I did vote against the first three amendments put forward by the Conservative caucus because I felt that it was broadening it beyond the scope of what the intent was, and that is for universities—places of higher learning—hospitals, and I thought it should be. So I don't really see the rationale. This is an institute developing an idea, a company trying to take hold of it and market it, and if they don't become profitable for eight to 10 years they sit down, they discuss it with government and say that this program may or may not work for us, but this is how it could. The government listens and says, “This is a really good idea, and we would like you to proceed, and therefore we're going to be a little bit flexible here.” I don't see the problem. I'm sorry, I just don't see the problem as enunciated.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment?

**Mr. Tim Hudak:** Prue's correct.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Hearing none, I'll call the question—

**Mr. Tim Hudak:** A recorded vote, Chair.

#### Ayes

Arnott, Hudak, Prue.

#### Nays

Aggelonitis, Arthurs, Lalonde, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.

Shall section 1 carry? All in favour? Those opposed? Carried.

Shall section 2 carry? All in favour? Opposed? Carried.

Shall section 3 carry? All in favour? Opposed? Carried.

Shall section 4 carry? All in favour? Opposed? Carried.

Now we're at section 5, and we have a PC motion on page 7.

**Mr. Tim Hudak:** I move that the definition of “eligible commercialization of business” in subsection 104.2(1) of the Taxation Act, 2007, in section 5 of the bill, be amended by striking out the portion of the definition before clause (b) and substituting the following:

““eligible commercialization business” means any active business carried on in Ontario,

“(a) that is not limited to,

“(i) an advanced health technology business,

“(ii) a bioeconomy business, or

“(iii) a telecommunications, computer or digital technologies production business that is primarily engaged in activities described in categories 3341, 3342, 3344 or 5112 of the North American Industry Classi-



fication System 2007 – Canada, as published by Statistics Canada,”

This is a mere amendment to our first. As you know, the structure of the bill has it amending acts similar to the first section of the bill, and that’s why that is an amendment written in the same spirit as our first. I won’t reiterate my arguments. I think folks know why we’re proposing these amendments.

**The Chair (Mr. Pat Hoy):** Thank you, Mr. Prue.

**Mr. Michael Prue:** First, to the Chair: Is this in order, since number 1 was defeated?

**The Chair (Mr. Pat Hoy):** I would have legislative counsel give the answer to that.

It is in order. This speaks to the Taxation Act, whereas the one previous spoke to a different act, the Corporations Tax Act.

**Mr. Michael Prue:** Then perhaps I could ask legislative counsel too, what would the effect be if this passed, since the legislation did not contain this? What would the effect be of having—

**Mr. Tim Hudak:** You’re an optimist, eh?

**Mr. Michael Prue:** Well, no, I’m just trying to understand what the effect would be to the Taxation Act, when the act, whence it comes, does not contain that provision.

**Ms. Julia Hood:** Okay, the bill amends two different acts.

**Mr. Michael Prue:** Yes, I realize that.

**Ms. Julia Hood:** One will be coming into force on January 1, 2009. That’s the Taxation Act, 2007. So the motion he’s now suggesting would be to amend that act, which is going to come into force and basically be phased in as the new tax legislation in Ontario, replacing the old acts that are currently—

**Mr. Michael Prue:** But it’s containing a provision that is not contained in Bill 100. So the law that creates this ability—this portion will not be in effect, but then you have a tax act that allows for it. That’s the difficulty I have.

0930

**Ms. Julia Hood:** Sorry, I’m not following.

**Mr. Michael Prue:** We defeated amendment 1.

**Ms. Julia Hood:** The Taxation Act, 2007, has been passed. It’s just not in force yet. So there already is a definition in existence; it’s just that it has not come into force yet. So when it does come into force, this is the proposed change to it.

**Mr. Michael Prue:** All right. I think it’s a moot point, in any event. I don’t imagine this could possibly be successful, given number 1, so I’ll just let it go.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Arthurs.

**Mr. Wayne Arthurs:** Mr. Hudak was good enough to say that he’d made his arguments in respect to the first motion. Our position would be the same. This is a mirror of the other motion, which dealt with a different act. The government caucus won’t be supporting the amendment; no surprise.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Tim Hudak:** A recorded vote, Chair.

**The Chair (Mr. Pat Hoy):** Hearing none—a recorded vote is requested.

**Ayes**

Arnott, Hudak.

**Nays**

Aggelonitis, Arthurs, Lalonde, Pendergast, Prue, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.

PC motion 8. Mr. Hudak.

**Mr. Tim Hudak:** I move that the definition of “eligible intellectual property” in subsection 104.2(1) of the Taxation Act, 2007, in section 5 of the bill, be struck out and the following substituted:

“‘eligible intellectual property’ means, in respect of a business carried on by a qualifying corporation, property that is,

“(a) a patent issued under the Patent Act (Canada),

“(b) intellectual property in respect of which,

“(i) an application for a patent was filed under the Patent Act (Canada), and

“(ii) a patent is issued pursuant to the application no later than the last day of the qualifying corporation’s 10th taxation year ending after incorporation,

“(c) the copyright in a computer program that in the opinion of the Minister of Research and Innovation constitutes a technological advancement at the time the computer program is completed and meets such conditions as may be prescribed by the Minister of Finance, or

“(d) intellectual property that is prescribed by the Minister of Finance or that satisfies such conditions as may be prescribed by the Minister of Finance; (‘propriété intellectuelle admissible’).”

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Tim Hudak:** Again, this is a mirror amendment to the Taxation Act as opposed to the Corporations Tax Act, reflecting the structure of the bill.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none—

**Mr. Tim Hudak:** A recorded vote, Chair.

**The Chair (Mr. Pat Hoy):** Recorded vote requested.

**Ayes**

Hudak.

**Nays**

Aggelonitis, Arthurs, Lalonde, Pendergast, Prue, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.

PC motion number 9. Mr. Hudak.

**Mr. Tim Hudak:** I move that the definition of “qualifying institute” in subsection 104.2(1) of the Taxation Act, 2007, in section 5 of the bill, be struck out and the following substituted:

“‘qualifying institute’ means any entity in Ontario where eligible intellectual property is developed.”

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Tim Hudak:** Again, this is a mirror amendment to the third one that I brought forward, the only difference here being, of course, amending the Taxation Act as opposed to the Corporations Tax Act, reflecting the structure of the bill.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none—

**Mr. Tim Hudak:** A recorded vote, Chair.

**The Chair (Mr. Pat Hoy):** A recorded vote is requested.

### Ayes

Hudak.

### Nays

Aggelonitis, Arthurs, Lalonde, Pendergast, Prue, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.

PC motion number 10. Mr. Hudak.

**Mr. Tim Hudak:** I move that paragraph 1 of subsection 104.2(2) of the Taxation Act, 2007, in section 5 of the bill, be amended by striking out “after March 24, 2008 and”.

**The Chair (Mr. Pat Hoy):** Any comment?

**Mr. Tim Hudak:** Again, this is a mirror amendment to the fourth one that I brought forward, simply reflecting the structure of the bill, so it’s the Taxation Act as opposed to the Corporations Tax Act.

**The Chair (Mr. Pat Hoy):** Mr. Prue.

**Mr. Michael Prue:** I supported motion number 4. I still think it was the rational and right thing to do, but again, I don’t see any purpose in supporting this, because I do have some very real problems with the conflict between what was attempted and the ancillary act. So I just don’t know. If you ask for a recorded vote, I just don’t know what I could do. It’s just illogical to me.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment?

**Mr. Tim Hudak:** Just to keep Mr. Prue’s vote in the mysteries of time, I won’t request a recorded vote on my motion number 10.

**The Chair (Mr. Pat Hoy):** I’ll put the question, then, if we’re ready. All in favour? Those opposed? The motion is lost.

PC motion number 11.

**Mr. Tim Hudak:** I move that section 104.2(2) of the Taxation Act, 2007, in section 5 of the bill, be amended by adding the following subsection:

“Forms

“(4) Any application, notice or certificate referred to in this part may be in an electronic format acceptable to the Minister of Revenue.”

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Tim Hudak:** Let’s get with the times, Chair. Even if it doesn’t work for the Corporations Tax Act, heck, this will still be one less form in electronic format if this motion were to pass.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none—

**Mr. Tim Hudak:** Recorded vote.

### Ayes

Hudak, Prue.

### Nays

Aggelonitis, Arthurs, Lalonde, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.

PC motion number 12.

**Mr. Tim Hudak:** This is my last chance, Chair; I’m 0 for 11 so far. I’m going to throw this out there, just in case.

I move that section 104.2 of the Taxation Act, 2007, in section 5 of the bill, be amended by adding the following subsection:

“Within a reasonable time

“(5) Any certificate or notice required under this part shall be provided within such reasonable time as may be agreed between the applicant and the Minister of Research and Innovation or the Minister of Revenue, as applicable.”

**The Chair (Mr. Pat Hoy):** Comments?

**Mr. Tim Hudak:** And I will let my colleague Mr. Prue’s very strong arguments earlier in the session on the companion amendment stand as my own for this, my last chance getting an amendment passed today.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Hearing none, I’ll put the question.

**Mr. Tim Hudak:** Recorded vote.

### Ayes

Hudak, Prue.

### Nays

Aggelonitis, Arthurs, Lalonde, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.

Shall section 5 carry? All in favour? Opposed? Carried.

Now we go to the NDP motion on page 13.

**Mr. Michael Prue:** I move that the bill be amended by adding the following section:

“5.1 The act is amended by adding the following part:

“Part V.3, graduate student scholarships

“Graduate student scholarships

“104.11(1) Every year, the Ontario minister shall pay a scholarship of \$15,000 each to a minimum of 333 graduate students studying in the province of Ontario.

“(2) In order to receive a scholarship under this section, a graduate student shall apply for the scholarship in the manner and at the time directed by the Ontario minister.”

**The Chair (Mr. Pat Hoy):** Mr. Prue, I’m going to rule your motion out of order because it compels monies to be spent.

**Mr. Michael Prue:** I’m just trying to use the \$5 million a little more appropriately, because I actually think it will produce more in terms of research than anything else that’s being done here.

**The Chair (Mr. Pat Hoy):** So it is out of order.

*Interjections.*

**The Chair (Mr. Pat Hoy):** Order, please.

Shall section 6 carry? All in favour? Opposed? Carried.

Shall section 7 carry? All in favour? Opposed? Carried.

Shall section 8 carry? All in favour? Opposed? Carried.

Shall section 9 carry? All in favour? Opposed? Carried.

Shall section 10 carry? All in favour? Opposed? Carried.

Now we move to NDP motion number 14.

**Mr. Michael Prue:** My caucus has requested that this be put forward. I do recognize the Chair is likely to say that this is frivolous and vexatious, so I am prepared for that.

I move that section 11 of the bill be struck out and the following substituted:

“Short title

“11. The short title of this act is the Won’t Create New Jobs Act, 2008.”

**The Chair (Mr. Pat Hoy):** And you were correct. The motion is out of order in that it is frivolous.

Shall section 11 carry? All in favour? Opposed? Carried.

Shall the title of the bill carry? All in favour? Opposed? Carried.

Shall Bill 100 carry? All in favour? Opposed? Carried.

Shall I report the bill to the House? All in favour? Opposed? Carried.

We are adjourned. Thank you very much.

*The committee adjourned at 0945.*





## CONTENTS

Thursday 30 October 2008

<b>Ideas for the Future Act, 2008, Bill 100, <i>Mr. Duncan</i> / <b>Loi de 2008</b> <b>sur des idées d'avenir, projet de loi 100, <i>M. Duncan</i></b> .....</b>	F-473
--	-------

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F-20

F-20

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## Legislative Assembly of Ontario

First Session, 39<sup>th</sup> Parliament

# Official Report of Debates (Hansard)

Thursday 6 November 2008

## Standing Committee on Finance and Economic Affairs

Budget Measures and Interim  
Appropriation Act, 2008 (No. 2)

Chair: Pat Hoy  
Clerk: William Short

## Assemblée législative de l'Ontario

Première session, 39<sup>e</sup> législature

# Journal des débats (Hansard)

Jeudi 6 novembre 2008

## Comité permanent des finances et des affaires économiques

Loi de 2008 sur  
les mesures budgétaires  
et l'affectation anticipée  
de crédits (n° 2)

Président : Pat Hoy  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 6 November 2008

Jeudi 6 novembre 2008

*The committee met at 0904 in room 151.*

## SUBCOMMITTEE REPORT

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will come to order. We're here this morning for public hearings on Bill 114. The first order of business will be to have the subcommittee report read into the record.

**Mr. Wayne Arthurs:** Your subcommittee met on Tuesday, November 4, 2008, to consider the method of proceeding on Bill 144, An Act respecting Budget measures, interim appropriations and other matters, to amend the Ottawa Congress Centre Act and to enact the Ontario Capital Growth Corporation Act, 2008, and recommends the following

(1) That the clerk of the committee, with the authority of the Chair, post the information regarding the committee's business on the Ontario parliamentary channel and the Legislative Assembly website.

(2) That interested people who wish to be considered to make an oral presentation on the bill should contact the clerk of the committee by Wednesday, November 5, 2008, at 5 p.m.

(3) That the presenters be offered 10 minutes in which to make a statement and five minutes in which to answer questions.

(4) That the clerk of the committee, in consultation with the Chair, be authorized to schedule witnesses on a first-come, first-served basis.

(5) That the clerk advise presenters that the deadline for amendments occurred prior to their presentations.

(6) That the clerk of the committee, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements to facilitate the committee's proceedings.

Chairman, that's your subcommittee report.

**The Chair (Mr. Pat Hoy):** In the second line, if you'd just perhaps state the bill number again. I think you stated it incorrectly.

**Mr. Wayne Arthurs:** Did I? I'm sorry: Bill 114. My apologies.

**The Chair (Mr. Pat Hoy):** Any comment? Hearing none, all in favour? Carried.

BUDGET MEASURES AND INTERIM  
APPROPRIATION ACT, 2008 (NO. 2)LOI DE 2008 SUR  
LES MESURES BUDGETAIRES  
ET L'AFFECTATION ANTICIPÉE  
DE CREDITS (NO 2)

Consideration of Bill 114, An Act respecting Budget measures, interim appropriations and other matters, to amend the Ottawa Congress Centre Act and to enact the Ontario Capital Growth Corporation Act, 2008 / Projet de loi 114, Loi concernant les mesures budgétaires, l'affectation anticipée de crédits et d'autres questions, modifiant la Loi sur le Centre des congrès d'Ottawa et édictant la Loi de 2008 sur la Société ontarienne de financement de la croissance.

COALITION AFTER PROPERTY  
TAX REFORM

**The Chair (Mr. Pat Hoy):** Now we come to our first presentation of the morning. The Coalition After Property Tax Reform, if you would come forward, please.

**Mr. Bob Topp:** Good morning.

**The Chair (Mr. Pat Hoy):** Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Bob Topp:** Okay. My name is Bob Topp—with two p's. I am chairman of the Coalition After Property Tax Reform; we call it CAPTR. We're an alliance of waterfront, urban and seniors' groups, representing over one million Ontarians. We have consistently advocated that there should be a limit placed on assessment increases in order to reduce the volatility and the unpredictability caused by using real estate markets as a basis for distributing property taxes.

We wish to advise the committee of a number of concerns we have regarding the present assessment just coming out now—some have it; some will get it shortly—which sets the homeowners' share of the property tax load for the next four years. Given that Ontario seems committed to an assessment-based property tax system, the four-year assessment cycle is too infrequent to produce a fair property tax distribution and does not deal with volatility.

The expected weakening of the residential real estate market—prices are already, according to the Toronto Real Estate Board, down 10% from a year ago in the Toronto area—makes the use of the end of 2007 values for the next four years highly inappropriate. If all market areas and neighbourhoods declined by the same proportions, there would be no inequity. In fact, declines will vary widely from area to area in the same way that increases vary.

The finance minister has said that higher assessments don't mean higher taxes. This is correct, but it's really beside the point. The point is that higher-than-average assessments do mean higher taxes.

British Columbia recently recognized the problem of declining markets in spades by cancelling the mid-2007 assessment, due to a sharply lower real estate market in British Columbia.

Homeowners are confused by the new system. They are receiving their assessments now, some you've received—Toronto has been out for awhile—and some are still to come, but they are confused, and we are getting lots of e-mails, lots of phone calls. The notices that people are receiving stress the annual increases, the amounts of the annual increases and the percentages of the annual increases, but it's the overall increase that matters. The overall increase will affect taxes of homeowners for the next four years. That's the real number, and the assessment notice doesn't even calculate the percentage increase that people are facing, as it did in the past. If your increase is higher than the municipal average increase, you are stuck with that assessment-related tax increase for each of the next four years.

The four-year cycle and phase-in does nothing to mitigate the impact on those whose assessment increases substantially exceed municipal averages.

In many parts of the province, assessments are not accurate, due to inadequate sales and non-comparability of properties. This is particularly true in rural and waterfront areas, but it is also true in some older parts of urban areas.

The reduced frequency of assessment further reduces the likelihood of a reasonable valuation. We believe that a limit or cap on assessment increases would at least make the system fairer. The alternative to that would be to scrap the assessment system altogether and base valuation on the most recent sales value with an inflation adjustment on an annual basis.

Those are my comments.

0910

**The Chair (Mr. Pat Hoy):** Thank you very much. This round of questioning will go to the official opposition.

**Mr. Tim Hudak:** Mr. Chair, it's five minutes we have?

**The Chair (Mr. Pat Hoy):** Five minutes.

**Mr. Tim Hudak:** I have a couple of questions, as well as my colleague Mr. Arnott.

Mr. Topp, thank you very much for appearing at the committee. I want to commend you as well for your

dedication to property owners across the province of Ontario.

This morning's business sections in a couple of newspapers detailed that housing prices in Toronto and the GTA have fallen yet again. I think Toronto was about a 30% fall from this time last year. But under the new assessment scheme, people are locked in at the January 1, 2008, assessment date; they won't realize those changes. Do you care to comment on the changes of prices and the fixed assessment date?

**Mr. Bob Topp:** The system, as it was developing over a number of years, was moving to a more frequent assessment. We had a four-year assessment at one time. We went to three years, two years, and a year and a half at one point. The plan, as of a year and a half ago, was to assess all Ontario properties on an annual basis. A year and a half ago, the government changed that and has now moved to a four-year cycle.

We're faced with a classic situation right now. We've had a decline already in market values. We've had a huge decline in the volume of sales here in the city and in other parts of the province. I think it's inevitable, based on what's happening in other parts of Canada and south of the border, that we're going to see a continuing drop in real estate values. This system we now have basically hit the numbers at the top of the market.

**Mr. Tim Hudak:** A quick question, Chair, and then to Mr. Arnott: Bill 114 would eliminate the annual assessment notices being mailed out. You'd get it at the beginning of the four-year cycle and then you wouldn't get another one until four years down the road. We intend to amend that part of the legislation. Do you care to comment on the lack of notices that would come out every year now?

**Mr. Bob Topp:** Yes. You've got one piece of paper and that's all you'll have to indicate what's happening. The numbers are frozen. Unless you make major changes or improvements to your property, that's what you're stuck with. That's what you've got. You don't even get another notice the following year. That strikes us as an example of how the system will be working in future.

**The Chair (Mr. Pat Hoy):** Are we ready for Mr. Arnott?

**Mr. Ted Arnott:** Sure. Thank you very much, Mr. Topp, for your presentation, and thank you for coming in to speak on behalf of your membership. You've conveyed your ideas very directly to us and we appreciate that.

In the past, our party has advocated for a 5% cap on assessment-related property tax increases. I understand that you have an interest in that particular proposal. Do you still think that's something that should be considered by the government, going forward, in the coming years?

**Mr. Bob Topp:** Yes. We still believe that's an essential part. If we're going to have market value assessment as a basis for distributing property tax—the real estate market is volatile. It's an unfair way.

Ontario seems to believe, and most of Canada believes, in some form of market value assessment. There



needs to be, as there is in Nova Scotia, a restraint, as there is in 20 US jurisdictions, on that volatility. I believe very strongly that that's necessary.

In the last assessment, there were over 100,000 properties that were up in value over 30%, compared to an average which was somewhere around 15%. Those people are still paying for that much higher assessment.

The system is just too volatile, and the estimating process is too rough.

**Mr. Ted Arnott:** When our party has raised these issues in the Legislature in question period, the government's response typically is, "Oh, don't worry. It's just an assessment increase, which doesn't necessarily translate into higher property taxes." What do you have to say about that?

**Mr. Bob Topp:** I think that statement has to be challenged, and I commented on that earlier. The point isn't that it doesn't cause a tax increase. The point is that if your assessment increase is larger than the average assessment for your municipality, and larger than the average provincial assessment, you're going to get a tax increase—an assessment-related tax increase, in addition to whatever the spending increase is.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### CANADIAN TAXPAYERS FEDERATION

**The Chair (Mr. Pat Hoy):** For the committee's information, there is no person presenting at 9:15, but I understand we have our next presenter in the room, the Canadian Taxpayers Federation, if you would come forward, please.

**Mr. Kevin Gaudet:** Was my appointment for 9:15 or 9:30?

**The Chair (Mr. Pat Hoy):** No, it was 9:30, but we don't have anyone for 9:15. So we appreciate your being here and accommodating the committee this morning.

I'm sure you know how the procedure goes, but I would tell you that you have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Kevin Gaudet:** Of course. Good morning, Mr. Chairman, ladies and gentlemen of the committee. Thank you for having me. My name is Kevin Gaudet. I'm the Ontario director for the Canadian Taxpayers Federation. I apologize, I just want to turn off my phone so I don't needlessly—

**Mr. Tim Hudak:** Do you need some time, because you're 15 minutes early.

**Mr. Kevin Gaudet:** I should be okay, actually. Thank you.

With respect to Bill 114, although I'm pleased to be here, I must say that the process through which I've come to be here is a little bit disappointing and frustrating. It does provide, I would argue, an undue imposition on the public or organizations when the Legislature does put together such committees and deputations in such a short

period of time. We're aware of the existence of the bill, but less than 24 hours' notice for individuals to come to committee is an onerous burden. A lot of people are either unaware or are incapable of making it.

At the risk of being solely polemic and perhaps a bit philosophical, it's disappointing at a time when, two days ago, we saw important change in our sister country south of us, an opportunity where people reached across the aisle looking for hope and change. There's a concern that I have that this Legislature is becoming increasingly disdainful of the public, and this is an example of that.

The last time I was at committee was the health tax review. To call it a review—it's an abuse of the language to have called it a review. The deputations were, at best, heard, if not properly undertaken, and no changes occurred. Here we are again at a committee making deputations on short notice for which the changes can't be implemented because the time for those changes has already passed. How is that anything but disdainful of the public and stakeholders? It's tragic. We're looking for politicians to step up and step across, and unfortunately we're seeing the opposite. I'm passionate about it. You are all entrusted with such a noble opportunity and a noble calling.

My grandfather was mayor of Charlottetown, and I'll tell you, I learned at his knee the importance of public service and what mattered. Partisan bickering, this type of disdain, ramming things through in an anti-democratic process is disrespectful of the public, and it degrades you all. It degrades the institution in which you've been entrusted as members of the Legislature, and I just think that's an unfortunate tragedy. I really do.

I appreciate that it's editorial and it's polemic. I'll address the bill more specifically, if I may, Mr. Chairman, but it's something about which I think—it's tremendously important. You all are the leaders of our society and you're ramming stuff down people's throats unnecessarily. The government already has a majority, for goodness' sakes. Why can't it at least allow proper, full debate on these types of issues?

However, notwithstanding that, if I try to get a grip on myself, I'd like to speak to schedules A, J, T and O, if I may.

Schedule A deals with MPAC and its assessments. I know Mr. Topp just spoke a bit to that prior to my being about to speak to it. I think the bill is importantly problematic, less for what's in it with respect to assessments than what is not in it with respect to assessments. Although I agree with Mr. Topp with respect to the fact that those individuals who see their assessments increase at values greater than the average will see a de facto increase in their property taxes, to be fair, that's an outlier of a problem. At the end of the day, the only protection a taxpayer can have from unreasonable increases in tax rates would be for the Legislature to pass some type of encompassing bill that would preclude property tax bills from increasing beyond the rate of inflation. Last week, the Canadian Taxpayers Federation issued a paper on how that could be implemented, the details of which are

available at our website. In practice, it would freeze assessed values at current levels, and cities, then, would have the freedom to increase those assessed values for the sake of property tax evaluations by no more than the high-water mark of the rate of inflation. That is the only protection against guaranteed rate increases of property taxes, which importantly affect the most those who can afford them the least: individuals on fixed incomes, seniors—poorer people, if you will, if they have the luxury of being able to afford a home.

**0920**

The only way you can guarantee that is to somehow rein in—and we have a proposal for this—the out-of-control spending of municipal governments and protect taxpayers through a measure which doesn't just gloss over assessment freezes. That's just window dressing, which does absolutely nothing to protect taxpayers. We went through this recently, where we went through a subterfuge of an assessment freeze. In the city of Toronto, for example, we saw taxes increase, property tax levels, at more than twice the rate of inflation. What kind of protection from property tax increases is an assessment freeze when the rate of my property tax bill doubles? I would suggest that this bill could provide some type of protection for taxpayers—two different kinds, one of which is the property taxes we're referring to. The other types of protections that I would argue are necessary in this bill, which this bill fails to include, are protections from overspending of government.

Mr. Chairman, could you help remind me how much time I have, please?

**The Chair (Mr. Pat Hoy):** You have about seven minutes left.

**Mr. Kevin Gaudet:** Thank you. That would deal with—

**The Chair (Mr. Pat Hoy):** No, I'm in error there. You have about four left.

**Mr. Kevin Gaudet:** Four.

Schedules J, T and O, J and T in particular, deal with this problem of spending. Schedule J—and it's a bit unclear on the process; if I'd had more time to do proper research, I could speak more intelligently to schedule J, but unfortunately we were precluded that occasion—I call the over-budget clause. It effectively authorizes program spending at or greater than the levels established in the economic outlook statement recently issued. As these levels are beyond what was budgeted in the spring, the bill effectively authorizes spending over the budgeted amount for the March budget. Importantly, it authorizes a return to deficit spending in Ontario, although exactly how large the deficit will be is, importantly, unclear. We've been told that it will be some \$500 million, although when you look into the detailed analysis of the funds authorized in this bill, it could suggest that program spending is in fact \$89 billion, which would put total spending at \$98 billion, which would take the deficit to \$2 billion.

One of the reasons this becomes a bit of a mug's guessing game unfortunately is that the province of

Ontario does not follow the practices that the federal government does with respect to monthly disclosure of revenues and expenses. I think that would be a prudent change; it would increase transparency of financing and provide individuals greater specificity and transparency of what in fact these numbers entail. Taxpayers won't be entitled to properly understand what the deficit is until next fall, when the public accounts are officially released which will effectively be almost a year from the date after this bill gets passed. That's hard to see as anything but a subterfuge and a lack of transparency.

One of the reasons the province is experiencing this deficit, of course, we argue, is that the province has failed to keep its budget's targets. Let's agree to disagree, perhaps, on what the government ought to spend its money on, but it is inarguable that every year in office this government so far has established a budget in March, and every single year without fail this government has spent beyond that budgeted amount at the end of the year. Not only have expenses gone up beyond the rate of inflation and population growth combined, but importantly, it doesn't meet its budget targets. In this particular budget year, if the government had met the budget targets it established in March and not spent beyond them, we would experience zero deficit; there has been sufficient revenue growth to accommodate the expenses that had been projected for this fiscal year alone. So it's the failure of this government just to meet its own budgeted targets that's providing a deficit.

In our own homes, we seldom can afford to do that, and I would argue that at times like this it's even less appropriate for government. Rules precluding spending over budget are necessary, and not the least one to mention would be rules that would require that government limit spending growth on an annual basis to no more than the combined rate of population and inflation growth, barring exceptional circumstances in time of war or natural disaster, for example.

**The Chair (Mr. Pat Hoy):** You have about a minute left.

**Mr. Kevin Gaudet:** Let me finally, quickly, then close on schedule O. This is the schedule which creates the venture capital crown corporation, if you will. I don't agree that this money ought to be spent through a venture cap fund to begin with. I think of it as a type of corporate welfare. I'm happy to have that conversation. I've met with the venture cap association, and even some of its members, to be fair, are split on the value of this program.

But let's put that issue aside for a moment. It's unclear to me why this needs to be codified in legislation through a crown corporation. All this does is take the budget responsibility and financing decisions for the purchase and acquisition of assets by the crown into the hands of the crown corporation, which can be solely authorized by the Minister of Finance, if I understand this correctly. It takes away from this committee and the Legislature the power to properly make its own budgeting decisions, notwithstanding the fact that it decreases the likelihood



of the province to properly manage its money and exposes it to greater risk and loss and liability.

As an aside, Alberta, for example, precludes by law these types of investments. So this, I would argue, is an important move in the wrong direction with respect to the codification of the venture capital fund. As I said, we can agree to disagree on the existence of the fund, but importantly I think it's a dangerous move to have it put through a crown corporation.

So, in a very brief summation, the bill fails to provide protections for taxpayers both in areas of overspending and at the provincial level, and more importantly at the property tax level where you have an opportunity.

**The Chair (Mr. Pat Hoy):** Thank you for the submission, and we will go to Mr. Prue of the NDP.

**Mr. Michael Prue:** Thank you very much. I've just got five minutes. First of all, on the process: I think the opposition parties are unanimous; at least we all voted unanimously against the closure motion based on the fact that this was rushed.

One of the recommendations of the subcommittee, which was passed at committee today, was that the clerk advised presenters that the deadline for amendments occurred prior to their presentation. Was that in fact done? I trust it was that you were told that, notwithstanding your coming here, we can't put in any motion to back up anything you had to say today? Because we've already missed the deadline.

**Mr. Kevin Gaudet:** I spoke yesterday with Mr. Short, who generously advised me that although that is the case, there is some process, which I didn't fully, properly understand, in candour, that the committee of the whole of the Legislature may possibly be able to undertake some type of peculiar machinations whereby, if they do some gymnastics routine, there may in fact be a possibility for some changes to be undertaken.

**Mr. Michael Prue:** Okay, and I appreciate the language in which you couched that. I've been here seven years and I've never seen that once.

**Mr. Kevin Gaudet:** Although it's possible, it's not likely.

**Mr. Michael Prue:** It's within the realm of possibility.

The second set of questions relate to property tax. I'm intrigued by your organization's position. You want to freeze property tax at the current levels and then allow municipalities to increase their spending only at the rate of inflation. That sounds very close to what the NDP has proposed: that is, to freeze property taxes at the 2005 level and only increase them at time of sale or where more than \$40,000 in renovations have taken place. That's different from what Mr. Topp is suggesting. He's suggesting, and the Conservatives are suggesting, a 5% annual possible increase. Can you tell me why you have deviated, more like what we're saying and less like what the CAPTR and WRAFT are saying?

**Mr. Kevin Gaudet:** I would argue, sir, that it's important to be similar with respect to the freeze to sale. It's importantly dissimilar from both proposals. I would

argue that both proposals have it half right, that the only way to guarantee a protection for the municipal property taxpayer is that the equation is, no rate times property value equals tax bills. Taxpayers don't care a whole lot about assessment value unless they're selling their home. They care less about the mill rate, because it's some peculiar machination as well. They care about the total property tax bill. The only way to protect the latter from going up by no more than the rate of inflation is to freeze one of the two former components in the equation, so if you freeze the mill rate and freeze the value of the assessment to the rate of inflation, it would guarantee that the total bill could not increase by more than the rate of inflation. We wouldn't be freezing city spending; perhaps you misspoke importantly. I haven't had a chance to meet with you to discuss our proposal in detail.

**0930**

At a high level, let me simply say that our proposal in practice would effectively guarantee that an individual property taxpayer could not see a property tax increase greater than the rate of inflation, absent people voting for one in a referendum.

**Mr. Michael Prue:** Now, many cities are increasing their property taxes, and the mayors and councils make a pretty convincing case that it's because the infrastructure is so old and antiquated in some places that they have no option if they're to repair the roads, sewers and other things, because there aren't monies flowing from the province. Is that an argument that we should be listening to, or do you reject that?

**Mr. Kevin Gaudet:** I think there's an aspect of that argument that is accurate. I think that all levels of government have done a poor job, in the last 30 years, of properly maintaining the infrastructure that supports important aspects of our society. Politicians of all stripes at all levels of government, unfortunately, are subject to the victimization of interest groups who like to have them spend on a myriad of programs with overlap and duplication at a number of levels, and that makes it difficult for politicians, in my opinion, to properly keep their eye on the ball with respect to what their priorities are. There are any numbers of examples that we can give.

I have made a recommendation provincially with respect to infrastructure spending, and that will be a gas tax accountability act, which in my analysis would provide another \$2 billion in provincial money on an annual basis to municipalities. I would argue, though, that all levels of government ought to undertake full program reviews to reduce the amount of spending and increase working with privatization, outsourcing and not-for-profits and activity-based costing in a number of areas to reduce the burden on the taxpayer.

Part of the problem with seeing one level of government ask another level of government for more money is that taxpayers get tired of seeing politicians argue which of them ought to have more of our money, and importantly, at the same time, they do that absent the demonstration that they get, that it's difficult for taxpayers, or that they're willing to spend nearly as much time looking



at ways to save us money as they are spending our money.

**Mr. Michael Prue:** Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Kevin Gaudet:** Thank you.

**The Chair (Mr. Pat Hoy):** We understand that the next presenter is close by, but we'll recess until they arrive at the room, which might be five minutes or less.

*The committee recessed from 0936 to 0943.*

## MUNICIPALITY OF CLARINGTON

**The Chair (Mr. Pat Hoy):** The standing committee will now come to order. Our next presenter is the municipality of Clarington. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard. You can begin.

**Mr. Jim Abernethy:** My name is Jim Abernethy. I'm the mayor of Clarington. I have with me today our director of finance, Nancy Taylor. Also with us is our municipal solicitor, Mr. Dennis Hefferon.

First of all, if I could, I'd like to thank the provincial government for the wonderful announcement that they made about the location of the new build to take place in our municipality of Clarington over the next few years.

Just as a little bit of background on this, I'd also like to thank you for the opportunity to speak to you about Bill 114. The primary focus of our concern pertains to amendments to the Assessment Act relating to the assessment of limestone and the retroactivity of those amendments to 2004. These amendments are set out in schedule A of Bill 114.

Subsection 2(2) will eliminate from paragraph 20 of subsection 3(1) of the present Assessment Act—which is a very long document that I'm sure many of you are aware of or are familiar with—the direction that limestone is assessable. Subsection 9(2) would make this amendment retroactive to January 1, 2004. So our concern is that you are exempting limestone from the Assessment Act and making it retroactive to 2004.

The municipality of Clarington is located at the eastern end of the greater Toronto area. We have two main revenue sources. We have two main industries, one being St. Marys and the other being OPG.

Clarington was the sixth-largest municipality in Ontario for licensed aggregate extraction in 2006, behind Ottawa, Kawartha Lakes, Hamilton, Uxbridge and Caledon. Durham region municipalities combined would rank second in that order.

St. Marys Cement is the largest aggregate producer in Clarington with a significant facility on the Lake Ontario shoreline in Bowmanville. The facility extracts limestone and produces cement. It is one of the largest open pit mining sites in North America and has a licence to extract down to 116 metres below sea level. The facility

is a wholly owned subsidiary of Votorantim Cimentos, which is based in São Paulo, Brazil.

## 0940

St. Marys Cement has appealed its assessment every year with at least six different tax consultant firms over the last 10 years, generally operating on a commission basis. This has been expressed as their business practice. Currently, St. Marys has active assessment appeals before the Assessment Review Board for 2006, 2007 and 2008. Clarington has also appealed St. Marys's assessment covering this time frame in order to protect the municipality's position. Pre-hearings for those appeals are scheduled for November 7 with the Assessment Review Board.

Due to St. Marys's continuing and ongoing attempts to erode the municipal tax base and therefore shift tax burden to other taxpayers, primarily residential, with resulting municipal costs incurred, a court application was submitted in December 2007. The application asks the court to require MPAC to perform its statutory duty to assess both the surface of the land and the limestone under the land.

Paragraph 20 of subsection 3(1) of the Assessment Act—and you have a copy of that; it's marked in orange—exempts minerals with the exception of limestone. So currently limestone is in, and your amendments are taking limestone out. We currently are before the courts asking for a ruling, and what you're doing, effectively, is eliminating our opportunity to ask the courts to initiate the items in the Assessment Act.

MPAC has failed to assess the limestone and has placed a limited industrial land assessment of \$37,500 per acre on the surface of the land only. The value of the limestone is many times the assessed value placed by MPAC upon the land. The date for the court application to be heard by the Ontario Supreme Court of Justice is November 13, 2008.

I think it's important for you to know that normally the municipality and the appellant would undertake negotiations pertaining to the assessment appeal as we always have done in the past. St. Marys has deferred discussion with the municipality on this whole matter subject to activities being undertaken by their affiliated aggregate associations on St. Marys's behalf.

With respect to royalties, the association's position is that royalties paid by producers under the Aggregate Resources Act were intended to take the place of property taxation of the limestone. Nowhere in the Assessment Act is that claim stated. I think that's a very important statement. Clarington received just over \$202,000 in royalties pertaining to the 2006 year, notwithstanding that Clarington was the sixth-highest host of extraction activities in 2006. This is a small portion of the property tax revenue that would be derived from proper assessment of the limestone at St. Marys's property.

Again I would like to remind you that Clarington was rated the sixth-highest level of extraction in Ontario. The top 10 host communities received an estimated combined royalty fee totalling only \$2.3 million. It is generally

understood that the intent of the royalties is to compensate affected municipalities for the negative impact of the aggregate producers beyond typical taxpayers on the condition of their road networks. This does not address in any significant fashion the cost implications of road repairs and reconstruction, never mind the other cost implications to the municipality, such as public concerns over air quality, firefighting, community association and ongoing public consultations and planning matters.

Taxes for St. Marys in 1999 were \$3.5 million. St. Marys has enjoyed progressively declining property tax ratios during a time of increasing municipal budgets due to the efforts to improve competitiveness of significantly large industrial taxpayers in the region of Durham. St. Marys's property taxes in 2008 were reduced by \$600,000, from \$3.5 million in 1999 to \$2.9 million in 2008.

That \$600,000 is split between Clarington, Durham region and the boards of education: 21% is received by Clarington, 37% is received by the region of Durham and 42% is received by the educational departments. Clarington's share covers all standard municipal services, plus the additional costs for roads, public liaison, firefighting and specific planning matters.

In conclusion, Clarington's objection to the proposed amendments to the Assessment Act included in Bill 114 is that they will directly interfere with the ongoing court proceedings by eliminating the statutory basis on which the application to court was brought. They will also interfere with the assessment review process before the Assessment Review Board respecting St. Marys by changing the statutory rules for assessment retroactively to the benefit of St. Marys and to the loss of the municipality of Clarington. These amendments are both unfair and unjust to all property taxpayers in the municipality of Clarington. We ask that they not be enacted. We request that they be removed from Bill 114 in their entirety to respect the due process of law currently under way.

Ladies and gentlemen, law is a system of rules enforced through a set of institutions used as an instrument to underpin civil obedience, politics, economics and society. Law serves as the foremost mediator in relations between people. The rule of law is the most important and basic form; it is the principle that no one is above the law. Thomas Paine stated in 1776: "For as in absolute governments the King is law, so in free countries, the law ought to be King; and there ought to be no other."

Ladies and gentlemen, we are requesting that you delete, and not approve, the amendments to subsection 2(2) and subsection 9(2) in Bill 114. We ask that you simply do not interfere with the due process of law. Due process is the principle that the government must respect all of the legal rights that are owed to a person according to the law of the land. If you allow amendments to subsections 2(2) and 9(2) of Bill 114 to be approved, you are, in effect, interfering with the due process of law.

Thank you very much, and we'll take questions.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation. This round of questioning goes to the government.

**Mr. John O'Toole:** Chair, I would seek unanimous consent that I be permitted to place a question.

**Mr. Wayne Arthurs:** No.

**Mr. John O'Toole:** No?

**The Chair (Mr. Pat Hoy):** Seeking unanimous consent for Mr. O'Toole to place a question.

**Mr. Wayne Arthurs:** No.

**The Chair (Mr. Pat Hoy):** I heard a no. We'll hear from the government.

**Mr. Tim Hudak:** Point of order, Mr. Chair: Mr. O'Toole has joined the committee. These are the mayor and representatives of a town in Mr. O'Toole's riding. It's an important issue that he has brought forward on their behalf. Could he just ask one simple question as part of the time, just to clarify—

**Mr. Wayne Arthurs:** No.

**Mr. Ted Arnott:** On the same point of order, Mr. Chairman: This committee was scheduled to begin at 9 o'clock this morning. We had nobody at 9:15. Clarington was scheduled to begin at 9:45. Question period doesn't begin until 10:30. There's absolutely no reason why Mr. O'Toole shouldn't be given the opportunity to ask a question.

**The Chair (Mr. Pat Hoy):** A request has been asked for one question by Mr. O'Toole.

**Mr. Wayne Arthurs:** No.

**The Chair (Mr. Pat Hoy):** I heard a no. We'll go to the government. Mr. Arthurs?

**Mr. Wayne Arthurs:** Let me just take a moment or so of the time we have to thank Mr. Abernethy and Clarington for being here; secondarily, to respond to the request and my "no" response.

We do have a process that we've agreed upon for questions by the parties on a rotating basis as opposed to each party asking questions. Each time a municipal councillor, a mayor or a reeve might be here in front of any of our committees, but this committee in particular—if they were here and we were to deviate from that process we've agreed upon, at least at this point in time, for the purpose of a councillor or mayor to enter into the questioning, over a period of time that would, quite frankly, change the manner in which we've agreed to operate. If we choose at a future time to change that process, that's a different thing, but at this time, the time allocation is to the governing party for the five minutes available to us.

0950

I appreciate the fact that Mr. O'Toole is here. I was going to and do recognize the fact that Mr. O'Toole has taken the time, as the member from the riding of Durham, to attend the committee as a member of the official opposition, and certainly has had opportunity to speak with his mayor about this matter.

Mr. Abernethy, first let me thank you for your opening comment and for your presentation here, particularly in respect to the Darlington new build. We are certainly anxious as well to see that process move forward in as expeditious a fashion as one can hope for, given the complexities and the values that go with that. Both you and I



know—as does Mr. O'Toole—from our times at Durham region, the importance of that industry.

You mentioned the importance St. Marys in the context of declining tax revenue. There are at least three or four large organizations in Durham. The region over the years has tried to assist that large industrial sector by reducing that rate over time to continue their competitiveness. Certainly St. Marys is one of those. OPG is another large one. I was familiar with that in my time at Durham region because I had Pickering and Darlington both. GM is another. I think there are two or three others, but I can't recall. One has changed its name, the steel site in Whitby. That certainly has had an impact on the local assessment base as those numbers have come down. The larger municipalities have tried to offset that elsewhere. Both Darlington and St. Marys would certainly impact on you as you reduce that large industrial rate.

I'm appreciative of the presentation in its totality. Mr. Hefferon I know—we haven't seen each other for a while—from some work that our municipalities jointly did some time ago. Your Worship, your presentation was excellent in the context of the lay perspective. Whether you want Mr. Hefferon to make any comments from a legal context, particularly in light of the fact that you have a pending court appearance, I guess—the descriptor you used earlier. It might be helpful if Mr. Hefferon wanted to add anything for our benefit.

**Interjection:** I think that's a great idea.

**Mr. Wayne Arthurs:** It's entirely up to you. Is there any other clarity that legal counsel could provide for this committee, particularly in the context of your pending court hearing process?

**Mr. Dennis Hefferon:** As the mayor has indicated, the net effect of the legislation will be to eliminate the lawsuit. MPAC for a number of years has not assessed the value of what is below the ground, despite the provisions of the Assessment Act. The lawsuit is aimed at requiring MPAC to do just that, to follow the clear language of the legislation.

For anyone who knows values, to assess the quarry at \$37,500 an acre is a rather sick joke. It's worth tens and tens and tens of millions of dollars. That has not been assessed, to the loss of not only the municipality but the province, through the Education Act, and the region of Durham. The net effect is that the burden of carrying the costs of government has shifted to other taxpayers.

We're seeking, through the court application, to have that undone, to have that stopped and to have MPAC do its statutory duty. That's what the lawsuit is about. That would be destroyed by this legislation. It also ties into the Assessment Review Board where the assessments for the 2006 to 2008 years are now at the pre-hearing conference stage; they're well advanced. Again, it just eliminates the position of the municipality.

If one is looking at it cynically, one can see that at the end of the day, neither MPAC nor the taxpayer would win in court. They will win in court under this legislation, and the position of the municipality is that that's grossly unfair.

**Mr. Wayne Arthurs:** How would you see this impacting on matters related to—if in effect you're actually successful, what would you see as the effect on the royalty structures that are in place?

**Mr. Dennis Hefferon:** The royalties?

**Mr. Wayne Arthurs:** As you said, presumably it's intended to sort of offset some of that assessment.

**Mr. Dennis Hefferon:** It's very hard to say. That's a matter for the government in administering the Aggregate Resources Act. But the \$200,000 is, in a sense, a pittance by comparison with the tax that should be paid by St. Marys, as every other taxpayer pays. You pay it and I pay it. There's no justification in principle for exempting a particular taxpayer because there's a handout of a small amount of money through the Aggregate Resources Act to municipalities.

When you look at a cement plant in operation and see the vehicles that actually use the roads, these are huge, huge heavy trucks, and they beat the very deuce out of the road system, quite apart from the unfairness of shifting the full burden of the cost of carrying municipal government to other taxpayers.

**The Chair (Mr. Pat Hoy):** Thank you. In that this is the last presentation of the morning and we do have a few moments left before we recess, I'm going to grant Mr. O'Toole one question to our presenters. This won't become a habit of the Chair, but in this particular instance, I'll allow one question.

**Mr. John O'Toole:** Thank you very much, Chair, for that ruling. I appreciate it. Also, thank you, Mayor Abernethy and counsel. The presentation does explain that, first and most importantly, under the Assessment Act as it reads, currently it is an exemption, and you've properly described that exemption. At the same time, the argument you're making today is that this bill under schedule A, section 20, retroactively destroys your case in court, which was pursuant under the rules of the time, in good faith, on both parts.

I would ask you again, knowing that this time allocation motion restricts this committee, and the amendments were due yesterday at noon, it begs the question of the fairness principle that you brought in your response to Mr. Arthurs' question. We are tied now and cannot make amendments, which would be in the requests that you've made this morning.

So I put the question to you: What is your sense of the options that we, as the other side of the argument, the opposition party, have? And on the record here today, what advice would you give the government in responding to the legal case you've made?

**Mr. Jim Abernethy:** The advice I would give is to acknowledge that you were not aware of this and to make it right. I hear all the time from your leader, "Do the right thing." This is the right thing to do.

The retroactivity is the amendment that we have difficulty with. You can make your laws and change your laws any time you choose, but it's the retroactivity. When you reach back beyond the case that we have now before the courts, which effectively you are now changing the



law—we were moving forward with the process under the rules that you established in the past with the Assessment Act. Now we're getting to stand before the courts and we're standing there without a defence. We were defending ourselves based on the Assessment Act. We were following the rules of the Assessment Act, and now what you're doing is changing the rules midstream. That's not fair.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

The committee is recessed until 2:30.

*The committee recessed from 1004 to 1434.*

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Good afternoon, everyone. I will call this meeting to order. As mentioned in the government notice of motion, we had the public hearings this morning, and this afternoon we will proceed with the clause-by-clause consideration of Bill 114.

Are there any comments, questions or amendments to any of the sections of the bill? When I say “amendments,” as agreed upon, there shouldn't be any amendments because we had up to 12 o'clock yesterday to submit any amendments to this bill, Bill 114. Any comments at the present time? Yes, Mr. O'Toole.

**Mr. John O'Toole:** Yes, thank you very much for the opportunity to comment. I am looking forward to the clause-by-clause of this bill. It's unfortunate that time has made this a bit constrained, and as such there were a couple of procedural exceptions made earlier today in this committee to allow me to present a question to the mayor of Clarington and legal staff. Even in the Legislature today, I asked a question of the Deputy Premier, Mr. Smitherman, and I felt rather positive about his response. I'll say that on the record here, and I want that to be noted on the record.

So I hope that the parliamentary assistant to the Minister of Finance—and with all due respect, I understand the Minister of Finance's father has passed away and that's why the minister is not here, so it's very hard to bring conclusion. I'm saying all this to put on the record that we want to work in co-operation here to see if we can find some way to make up time until Mr. Hudak gets here—that's the primary function here—but also to see if there are comments by our critic, Mr. Hudak, that should be on the record.

What I want to do, with your indulgence, is to pass out this piece of paper, if I could, through the clerk.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** If you could tell us which section you're referring to, Mr. O'Toole.

**Mr. John O'Toole:** Yeah, okay. Once the members have had a chance to look at it, I would like to move an amendment, and I would expect that Mr. Hudak would second the amendment.

**Mr. Tim Hudak:** Sure.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** I'm sorry, Mr. O'Toole. The time for amendments has expired. It was until noon yesterday. This is out of order at the present time.

**Mr. John O'Toole:** I'd seek unanimous consent—through you, Chair, and thank you for recognizing. I'm just going to read this rather than move it. I'll just read it so it's clear:

“Bill 114 amendment to schedule A: assessment act

“(1) Subsection 9(1) is amended so that the first line thereof provides:

““Subject to subsections (2), (3), and (4), this”

(2) Subsection 9(3) is renumbered subsection 9(4).

(3) Subsection 9(2) is amended to provide—

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Sorry, Mr. O'Toole, this is out of order.

**Mr. John O'Toole:** I guess it's really more or less a conversation—

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Your name has not been submitted as a substitute, besides that.

**Mr. John O'Toole:** Perhaps—I know I'm not subbed on the committee. Mr. Hudak has the same amendment and I—with your indulgence—thank you for allowing me to speak.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Well, as I said, no amendment can be—

**Mr. John O'Toole:** Well, it's an argument—

**Mr. Tim Hudak:** Chair, as a point of clarification: My colleague, on behalf of the mayor of Clarington and the good people of Clarington, has brought forth an amendment. We heard from the mayor just a few hours ago. Mr. O'Toole has since then worked on an amendment. So if the mayor of Clarington wanted to see a legislative change made, when would the amendment have to be filed?

**The Vice-Chair (Mr. Jean-Marc Lalonde):** It would have to have been done prior to 12 noon yesterday. I'm sorry. I have to say that I have to go according to the rules that have been established, about which I have no say at the present time, and this is out of order.

**Mr. Tim Hudak:** I appreciate that, Chair, but please help me understand. The mayor of Clarington was here today, Thursday, November 6. He made a presentation this morning. You're telling me that the mayor of Clarington would have to have submitted a motion by Wednesday, November 5, when he was here Thursday, November 6.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Well, according to the time allocation motion, “the deadline for filing amendments to the bill with the clerk of the committee shall be 12 noon on Wednesday, November 5, 2008.”

**Mr. Tim Hudak:** I guess I'm looking for an understanding. If people were here on Thursday, November 6, and they made a presentation, how would it have been possible for us to file an amendment on Wednesday, November 5, before we even heard them make a presentation? I don't understand—

**The Vice-Chair (Mr. Jean-Marc Lalonde):** I have to say I'm sorry, but this is our deadline and we cannot go any further than this. That should have been done when the motion was brought up in the House. I'm sorry about that.

**Mr. Tim Hudak:** Explain the basic physics, then. If the mayor was here and other presenters made their case on the sixth, if they convinced a committee member that they had a good idea for a change, how, precisely, would then an MPP bring forward to committee a motion to reflect what he or she heard this morning from the deputations?

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Mr. Hudak, I'm sorry. Again: "The deadline for filing amendments to the bill with the clerk of the committee shall be 12 noon...." I cannot go any further. This is out of order and I cannot accept it.

**Mr. Tim Hudak:** Short of a time machine handed out to MPPs, it would have been physically impossible for us to file an amendment yesterday based on something we heard today.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Exactly. I said it at the beginning: We're here to go through clause-by-clause and also look at all the amendments that were submitted by noon yesterday. That is what we have to do today. I have no choice but to make sure that we follow the rules.

**Mr. Tim Hudak:** I appreciate that. You're the Vice-Chair and you've taken on the Chair's position and I know that's what you have before you. I'm just trying to understand, one last time, that if we heard from a deputation just a few hours ago what we thought was a good idea, and a committee member wanted to bring forward a motion based on that, isn't it physically impossible to do so because they were due yesterday?

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Mr. Hudak, I'll read for the last time that "the deadline for filing amendments to the bill with the clerk of the committee shall be 12 noon," and we shall proceed with the clause-by-clause at the present time.

**Mr. Michael Prue:** If I could, Mr. Chair, this was what I anticipated when I gave my leadoff speech against the bill. Those of you who were in the House heard precisely that this is what I said. It would literally be impossible for this committee to pass any kind of motion if we heard a good idea coming out of the deputations. I did not anticipate that this was going to be the good motion, but this is, by far and away, the most cogent and important thing that we have heard.

The only option that I see—and I am in sympathy with the Chair because he has no option because the House has ordered us in an untenable position. There cannot be a comfortable Liberal sitting on that side, having heard the deputation of the mayor of Clarington, who believes we ought not to do something. We need to do something.

1440

So what I'm going to ask, Mr. Chair, in the absence of our ability to do anything, is for the parliamentary assistant to take the unusual step—something I said this morning I had not seen in my seven years here, and I know, because I have not seen it, none of the Liberals opposite have seen it; perhaps Mr. O'Toole and Mr. Hudak, who have been here longer, have—and that is to take this matter into the committee of the whole. I will guarantee,

on behalf of my party, that if the parliamentary assistant gives his assurance that he will take this before the finance minister and the cabinet and suggest that this matter go to the committee of the whole, I will stop speaking on this matter now. I will give him the guarantee, on behalf of my caucus, that we will not try to unduly hold up the committee of the whole, because I know that's a risk governments look at, that the House can be caught for days debating a single motion.

This is an idea of considerable importance to the people of Clarington. The parliamentary assistant, as a former mayor, as I was, listened intently to what the mayor of Clarington had to say. He knows how important it is to the region from whence he comes as well and knows how important it is to the financial structure of Clarington and the surrounding area, and to the court case. I don't want for us to take away the legitimate rights of the people of that municipality.

I'm asking quite simply that the parliamentary assistant, knowing the constraints—the ones that were foreseen, the ones I talked about in my opposition to the closure motion—endeavour to take this issue before the finance minister and hence on to the full cabinet, and that the government resolve this issue by taking it before the committee of the whole House. That's my suggestion. I think what has been said here today is of such importance, I know that had I had an opportunity to have heard from the mayor of Clarington and his legal staff earlier, I would have, and I think the members opposite would have, put in such an amendment.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Mr. Hudak?

**Mr. Tim Hudak:** I think Mr. Prue, my colleague, has brought forward a very reasonable proposition. I am aware of only Mr. O'Toole's motion that has been brought forward, so if we would go to committee of the whole House to allow it to be fairly debated and then voted upon, it will be done so in a timely manner. I can give full commitment on behalf of the PC caucus that we would not drag out those proceedings; we'd have a fair debate, we'd have a vote and then we could move on.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** As you're probably aware, this was filed on October 30 and everybody had a chance to debate this notice of motion in the past. I'm pretty sure all of you know about it because you are chairs of other standing committees. When the rules are decided by the House, we cannot divert from those rules.

**Mr. Tim Hudak:** To Mr. Prue's point, though, I think we could revert to committee of the whole House, if we had the parliamentary assistant's commitment to do so. I would certainly support Mr. Prue's idea; I think it's fair and reasonable.

**Mr. Michael Prue:** And if I could, I'm not asking that this committee do anything it cannot do. I don't believe we can overturn what the House has ordered us to do. That's very sad but that's real. The only option left is an extraordinary one, one I have not seen before but it is parliamentary and can be done, and that is having Mr.



Arthurs agree—and then we can get on with the balance of what we can do—to simply take this before the cabinet. I trust his powers of persuasion but I know we cannot hold him to guaranteeing it will be done, only that he will try.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Just before I go to Mr. Arthurs, I'm going to go to Mr. O'Toole.

**Mr. John O'Toole:** The timing of this is constructed. You filed October 30 in the evening. On Friday the House doesn't sit. We never saw it until November 1, and only then was it even discussed. After that, the next day, the amendments had to be filed. That construct in itself is the problem. I think it's not deliberate by anyone here, I'm not casting—but the legal beagles, if you will, have structured this in such a way as to box us out. Even today on a point of order this was raised. We're not discussing an amendment here. This only expunges the retroactivity provision of Bill 114. That's all it does. Going forward, when the McGuinty Bill 114 passes—bingo. This thing from heretofore on assessments and other issues within the bill, for homes for the aged and garden houses and all the rest of it, will go into law, as assented by the laws. We're asking for one sort of consideration of something that's before the courts. Its court date is November 14, I believe, and we get squeezed out. The retroactive nature of this bill will dismiss that work by the last year and more of well-intended—following the rules, it will be expunged for the court because it will be deemed to be out of order or in violation of the statutes.

So I ask you in all reasonableness, in terms of this process we engage in, to go to the committee of the whole, with the assurance of some House leaders' agreement, so that this committee could then deal expeditiously with the other sections of the bill. You're the government; it's your bill. But we've found this one little error, and I don't think it was deliberate. I got that impression from Minister Smitherman, the Deputy Premier. The finance minister isn't here. I would hope that they would respect what was suggested in the answer today, that they would give this due consideration.

With that, I am going to depart, because I don't have a role here; I'm not written in on the committee. I could easily have been, I suppose. So I just leave this in trust with you.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Mr. Arthurs, any comment?

**Mr. Wayne Arthurs:** I appreciate what's being said across the floor. For me, though, the reality with which we're working today is a time allocation motion—it's quite specific—on the fall bill. The ministry and the minister, I would suggest, have looked carefully at the provisions of the bill, including the provisions related to the matter that the mayor of Clarington raised with us today. I'm appreciative of the constraints. As Mr. O'Toole said, we didn't construct those constraints, but nonetheless those are the constraints.

I would go further to say, without getting into debating the matter that Mr. Abernethy raised with us, that there

would certainly be some question, at the very least, as to whether or not, at the end of the day, as a member I could support what was being proposed by Mr. Abernethy, respectfully, in his submission today. But it will not be my position—as to this matter being brought before cabinet and committee of the whole.

I'll leave it at that.

**Mr. Tim Hudak:** Obviously, I'm disappointed to hear that response.

I do want to note from the mayor's presentation and the advocacy of the member Mr. O'Toole from Durham that this is an amendment that affects not only the region of Durham, but Ottawa, Kawartha Lakes, Hamilton, Caledon. The parliamentary assistant himself has part of his riding in that region. The mayor makes the case that Durham region municipalities combined would rank second-highest in terms of potential lost assessment base under this measure, according to the mayor's presentation. So obviously it's an important matter to a number of communities.

Given that Mr. Prue's very reasonable suggestion of going to committee of the whole House has not won favour with the government, although the official opposition supports Mr. Prue's suggestion, can we have unanimous consent, then, to allow Mr. O'Toole's motion to stand for an up-and-down vote?

**Mr. Wayne Arthurs:** No.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** I hear a no.

**Mr. Tim Hudak:** I think we need to note for the record that the PC caucus and the NDP caucus did oppose this motion in the Legislature and we didn't think that the time allocation approach was appropriate. It would have given more time for communities like Clarington to bring forward these suggestions.

Chair, maybe you'll want to confer with the clerk, but at the very least can we vote on the section of the bill that brings forward this change—that specific line? Will that achieve the task that Mr. O'Toole seeks to do without moving a motion, since we've had resistance to bring forward a new motion? It's subsection 9(1), right, that they're trying to amend? Of Bill 114, schedule A?

1450

I guess if we're not getting support from the government members to debate the motion itself, can we achieve the same purpose by voting on the individual sections of the bill or not?

*Interjections.*

**Mr. Tim Hudak:** So the most we could do, if I understand correctly, then, is vote against the entire section. You can't make any kind of changes to the language; all or nothing is the point we're at.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** That is the most you can do, yes.

**Mr. Tim Hudak:** Well, it's unfortunate news, Chair. Mr. Prue and I have tried a couple of ways, and I want to commend Mr. O'Toole for bringing this forward on behalf of his community. I had hoped we'd find a friendly resolution of some kind to at least put it forward



to an up-and-down vote, but without support from the government members I guess we don't have that opportunity.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Thank you very much for your comments. We will ask for unanimous consent to stand down sections 1, 2 and 3, to move to schedule A of the bill. Those in favour?

**Mr. Tim Hudak:** Sorry, this is the—

**The Clerk of the Committee (Mr. William Short):** The bill, with the schedules in the bill. So we'll start on schedule A.

**Mr. Tim Hudak:** Okay.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Okay, we'll start with schedule A.

Schedule A, section 1: Shall schedule A, section 1, carry? Carried.

Section 2: Shall schedule A, section 2, carry? Carried.

Shall schedule A, section 3, carry? Carried.

We'll move on to the amendment, PC motion number 1. Mr. Hudak?

**Mr. Tim Hudak:** I move that schedule A to the bill be amended by adding the following section:

"3.1 The act is amended by adding the following section:

"Maximum increase in assessed value

"19.1.1(1) Despite any other provision of this act, the assessed value of each property for the 2009 and every subsequent taxation year shall not exceed the assessed value of the property for the 2008 taxation year by more than 5 per cent.

"Termination of cap

"(2) Subsection (1) continues to apply to each property until such time as the property is transferred to a person other than a spouse or child of the person who owned the property on January 1, 2009."

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Comment, Mr. Hudak?

**Mr. Tim Hudak:** Yes. The concern that John Tory and the PC caucus continue to raise is the impact of skyrocketing property assessments on many homeowners, particularly retirees. We are seeing assessment increases in high double digits, some triple-digit increases, that are simply unaffordable to many families and to many seniors. They're already dealing with higher costs of groceries and higher taxes, they've seen their investments go on a rollercoaster ride in the stock markets of late, and this notion of a significant assessment increase and the resultant tax increases that would follow are something that we have great concern about and believe will have a damaging impact on these families and the local economy.

What we're proposing here is that assessments could not increase by more than 5% the previous year; it would cap them. Secondly, that protection would continue as long as that home is owned by that individual or his or her spouse or child.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any other comments? Mr. Prue.

**Mr. Michael Prue:** The NDP takes a different position from the Conservatives. We don't believe in the 5% cap; we believe in freezing the value of the property until such time as it is sold or until repairs in excess of \$40,000 have taken place.

Notwithstanding that, I'm going to support this motion as the lesser of two evils. I think that as the MPAC assessments are going out, there are people out there who are going to be hurt very badly. Rather than freeze the value, as we would support, they're going to be at the whim, they're going to be increased by whatever amount the MPAC assessor has said their property is now valued at. This is going to be particularly troubling to people on fixed incomes, those who have owned their homes for a long time, and those who often struggle to stay in them.

A house that has a present tax regime of about \$5,000 a year, which is not a lot if one lives in Toronto—I would hazard a guess that those who live here or even in many of the places in the GTA will know that a \$5,000-a-year tax on a structure is not that huge. This will amount to \$250, plus whatever the municipality puts on. That's why we think that freezing it till sale is a better solution. And notwithstanding that, I would still rather them have a cap than nothing at all. Therefore, I will reluctantly support this motion.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any others? Mr. Arthurs.

**Mr. Wayne Arthurs:** I respect the position taken by the official opposition. It's certainly not a new position; it's a reiteration of a position that's been put forward before.

Two comments only, I think, at this point: One, in a practical sense today across the province, in today's particular market, I think the average assessment is about 20% over the four years phased in, which would create effectively a 5% cap on average, regardless of the marketplace standpoint. The important part, though, for us is that by capping, over time, particularly if one adds to part of the motion that speaks to transferring other than to a child or spouse, presumably the property could stay in the same hands for a extended period of time—multi-generational, potentially. If that were the case, over time, you would see some real distortion in the assessment of comparable properties by virtue of a freeze, a cap being put on to 5%. Both from the standpoint of a potential—more than one generation holding the property—and simply by virtue of the capping that would occur, larger properties on a percentage basis, a numbered basis, would end up at the end of the day having a smaller effective increase in their assessment than properties that were of a lower value, potentially, with a smaller assessment increase. We haven't supported this particular approach in prior bills that we've dealt with and can't see ourselves supporting it today.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any other comments?

**Mr. Tim Hudak:** Recorded vote, Chair.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Sorry, Mr. Hudak. According to the notice of motion, any

division required shall be diverted until all remaining questions have been put and taken in succession. That would mean that any recorded vote amendment request would be deferred to the end.

**Mr. Tim Hudak:** That destroys all the drama.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** We'll move to the next one. The next one is PC motion 2. Mr. Hudak.

**Mr. Tim Hudak:** I move that schedule A to the bill be amended by adding the following section:

"3.1 The act is amended by adding the following section:

"Maximum increase in assessed value

"19.1.1(1) Despite any other provision of this act, the assessed value of each property for the 2009 and every subsequent taxation year shall not exceed the assessed value of the property for the 2008 taxation year by more than the percentage prescribed by the regulations.

"Termination of cap

"(2) Subsection (1) continues to apply to each property until such time as the property is transferred to a person other than a spouse or child of the person who owned the property on January 1, 2009."

By way of explanation, in case the motion I just brought forward fails at the end of committee, this one would allow, by regulation, for cabinet to determine the cap. So if cabinet had determined that the cap should be 3% or 2% as opposed to 5%, this motion, if passed, would give cabinet the discretion to do so. As I said, our preferred position is the previous one, but if that fails, then this is a placeholder that would allow future governments to have discretion as to what the level of the cap would be.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any other comments? Mr. Prue.

**Mr. Michael Prue:** I can appreciate the 2% or 3% or the 1%, but what if the minister set a cap at 20%? This allows that, does it not? I mean, I just want to be sure, because I'm not going to vote for it if it allows the minister to say 20%, because he'd turn around and do it.

1500 **Mr. Tim Hudak:** Our intention—

**Mr. Michael Prue:** I know what your intention is, but I want to know if this motion allows for 20%.

**Mr. Tim Hudak:** Our intention in bringing this forward is to allow for a cap lower than 5%, but it does give cabinet the discretion to set the appropriate cap via regulation.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Further comments?

**Mr. Wayne Arthurs:** Again, this is a familiar motion in part. I can't support the motion. The distortions will remain the same over time. The quantum might be different depending on what regulatory cap was assigned at that time, but the long-term impact would remain the same, as a distortion in the market value of comparable properties.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any more comments? Seeing none—

**Mr. Tim Hudak:** Recorded vote.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** The recorded vote will be deferred till the end.

**Mr. Tim Hudak:** Chair, do I need to ask for a recorded vote at this point in time, or do I have to remember each time to ask for a recorded vote?

**The Vice-Chair (Mr. Jean-Marc Lalonde):** If you want to let us know right now that you'll be asking for a recorded vote—

**Mr. Tim Hudak:** For each of our PC amendments? Terrific. Yes, I would, please, Chair.

**Mr. Michael Prue:** I might as well save you time. You might as well do our two amendments at the same time. We'll do them all together.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Now I will proceed with sections 4 to 9, inclusive, of schedule A.

Section 4.

**Mr. Tim Hudak:** Debate?

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Yes.

**Mr. Tim Hudak:** I'm flipping through the bill as we're moving forward, and I just want to call attention to one aspect of schedule A that I have concern about, and that is section 4, where it's talking about exceptions. It says:

"Section 31 of the act is amended by adding the following subsection:

"Exception

"(1.0.1) Subsection (1) does not apply where the only change is an adjustment made under section 19.1."

What I understand this to mean, and my colleague the parliamentary assistant can correct me if I'm wrong, is that if there's no change to your property between now and the next assessment, you would not receive a further assessment notice. I guess the government's view would be that because assessments are every four years, if you get one in the first year, you wouldn't get one in subsequent years. I'm going to object to that, because I do believe that people should get the annual assessment, even if you are in a phase-in period, because we all know that over time we may forget exactly what that was. Keeping a piece of paper around for four years isn't something that is easily done. People may move, as well, to a different home and not be aware of what the assessed value of the home is.

My last point would be, because the assessment value actually does change, each year it's phased in—my colleague's example of the assessment up by 20%: Over the assessment period, it's phased in over four years; it will be 5% a year. I think it's important to remind people that the assessment value has actually increased by 5% a year instead of expecting them to remember.

If I'm misinterpreting the act, I do apologize. But I do want to state that I think it's important for people to get the annual assessment in the mail so they know what the assessed value of their home is, in anticipation of the upcoming municipal taxes.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any other comments?



**Mr. Wayne Arthurs:** Just very quickly, my understanding would be that if there were no other actions taken—not a request, not a change in the property—then you would get your assessment on the four-year basis. But I noticed, upon getting my assessment and looking at it, that I now have an identified-access private PIN that allows me to go in and access my assessment, which allows me to do comparables, all those kinds of things. My understanding is that if someone sought a reassessment or an update on their assessment during that four-year period, that would be achievable, and it would be a means, certainly, to get that information. Presumably, if someone had misplaced their paper during that period of time, they could certainly inquire as to what their assessment was. If they wanted to update it, they could make that request. But it's not going to be an annual process where every property is going to have an assessment and be notified of a new assessment during the four-year period.

**Mr. Tim Hudak:** I would just have a point of disagreement with my friend the parliamentary assistant. Just for the simplicity of the math, let's say that my assessment value had gone from \$200,000 to \$300,000. That would mean that this year my assessed value would be \$225,000, next year it would be \$250,000, the following year it would be \$275,000, then \$300,000 at the end of the cycle, under this current scheme. What you're doing, though, is asking folks in the third or fourth year to remember that their assessed value is going to be \$250,000 or \$275,000 or \$300,000. Some folks are good; they'll keep the paper there or they'll keep the PIN on hand for four years. I'm one who sometimes doesn't always keep those types of documents around. I just think it puts an unfair burden on the individual homeowner, whose circumstances may change significantly over four years. They may not keep that paper in that drawer for that period of time. I do think that assessed values should still go out so that they know what their assessment is going to be for a year and can help them anticipate their taxes.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Mr. Arthurs.

**Mr. Wayne Arthurs:** If one wanted to have a fresh copy of their notice—because it falls off the fridge or is behind the kids' fingerprinting—by contacting MPAC, they will certainly send out a notice advising folks of what their assessment was. But there won't be an annual assessment update or an annual process. So some onus is on the homeowner, I guess.

**Mr. Tim Hudak:** Over the four years, though, I'm saying, my friend, that you'll go from the fingerprinting to some pretty good art as the kids are aging in that four-year period. I don't know if the assessment notice is going to stay on the fridge for four years' time or if you're going to have the same fridge.

*Interjection.*

**Mr. Tim Hudak:** I'm going to have to depend on my wife, I think, to keep track of this, because I don't know if I will.

I don't want to belabour this point. I did want to call attention to it and express the concerns of the PC caucus. I think it does put an unfair burden on the property owner to keep track for four years' time of this document, or then to have the burden of calling MPAC and asking for it to be resent. Folks have enough to keep track of, and I do believe that this is a service that MPAC should continue to provide.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** I'll call a vote on this one. Shall schedule A, section 4, carry? All those in favour? Those opposed? Carried.

Schedule A, section 5: Shall it carry?

**Mr. Tim Hudak:** Debate, Chair? I just want to make sure—Mr. O'Toole did bring forward concerns on behalf of the municipality of Clarington, which I believe was for section 9? Mr. O'Toole's suggested changes: section 9, was it?

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Nine.

**Mr. Tim Hudak:** All right, thank you. I'll wait until section 9 to bring those points forward.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Shall schedule A, section 5, carry? Carried.

Shall schedule A, section 6, carry? Carried.

Shall schedule A, section 7, carry? Carried.

Shall schedule A, section 8, carry? Carried.

Shall schedule A, section 9, carry?

**Mr. Tim Hudak:** Debate?

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Are there any comments on that one?

**Mr. Tim Hudak:** Thank you, Chair. This is the section that my colleague from Durham, Mr. O'Toole, had asked to be amended. Unfortunately, because of the bizarre circumstances in the time allocation motion, it would have meant that Mr. O'Toole would have had to go back in time and written the motion yesterday, based on what he heard today. We've debated that point. I'm disappointed that we didn't get it resolved. But I do want to note Mr. O'Toole's objections on behalf of his municipality to the amendments here under section 9.

I do want to also call the committee's attention to debate that took place during question period today, where Mr. O'Toole raised this issue with the Deputy Premier, Mr. Smitherman, and asked for some kind of agreement to be reached so that this issue could be examined. Mr. Smitherman, in his response, said that he would "take the question under advisement, seek to work with the Minister of Finance and produce, in a timely manner, for the honourable member and, indeed, for the community and the people of Clarington, a response to the specific case that's been brought forward."

I think we all understand that Minister Duncan's father sadly passed away, and our condolences and thoughts are with him. So we can't, obviously, expect Mr. Duncan to respond to this issue for a due period of time. But I wonder, since we couldn't get the motion brought forward, if the parliamentary assistant would ensure that at least Clarington will have a chance to make its case with the ministry now that the motion has been ruled out of order. I just want to make sure that the Deputy



Premier's commitments will be made good and not forgotten.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Mr. Arthurs.

**Mr. Wayne Arthurs:** Just a couple of things: It would be my understanding at this time that the municipality has had an opportunity—over what period of time I'm not sure—to have consultation and discussion with the ministry staff on this matter. Certainly, we would undertake, apart from Hansard and the work that our staff do, to ensure that the minister is apprised of the nature and level of discussion that this committee has had on this matter. It would be in his domain in that sense.

1510

The one particular point that I want to make is that what's being proposed in the bill is effectively codifying a practice that MPAC has had for, as I understand, decades under the auspices of multiple governments of all three parties over time. It's at this time that the government, through this legislation, is effectively codifying in the legislation what it is that MPAC has been doing in practice for quite a considerable period of time to which all governments were party, if not necessarily familiar with those detailed elements of that particular piece of legislation. It's not something particularly new, obviously, that's happening today; it's something that's been in place for quite a period of time. But certainly, we'll undertake to ensure, apart from Hansard and the staff, that this is brought to the minister's attention, and the nature and degree of discussion that this committee has had in regard to this matter.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Thank you. Any other comments? Seeing none—

**Mr. Tim Hudak:** Chair? I appreciate the parliamentary assistant's undertaking to make good on the word of the Deputy Premier to address the issue directly with Clarington. I thank him for his words a moment ago.

Mr. O'Toole has raised his concerns. I had hoped that the motion would have been brought to the floor of the committee for debate and for a vote. Unfortunately, because of the bizarre nature of the time allocation motion, it was not, but I am going to recommend, because of those circumstances, that committee members vote against section 9 of schedule A.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Now I will call the vote.

**Mr. Tim Hudak:** Recorded vote.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** We'll move to the end.

Shall schedule B, section 1, carry? Carried.

Shall schedule B, section 2, carry? Carried.

Shall schedule B carry? Carried.

Shall schedule C, sections 1 to 3, carry? Carried.

Shall schedule D, sections 1 and 2 inclusive, carry? Carried.

Shall schedule D carry? Carried.

Shall schedule E, sections 1 and 2 inclusive, carry? Carried.

Schedule F: We have an amendment. We'll do section 1 of schedule F first. Shall schedule F, section 1, carry?

**Mr. Tim Hudak:** Debate.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Do you want to debate it, Mr. Hudak?

**Mr. Tim Hudak:** Yes, please. Section 1 says:

"Subsection 2(1) of the Executive Council Act is repealed and the following substituted:

"Appointment of ministers

"(1) The Lieutenant Governor may appoint under the Great Seal such ministers of the crown as are provided for under any act or as the Lieutenant Governor sees fit to appoint, to hold office during pleasure."

What does that do?

**The Vice-Chair (Mr. Jean-Marc Lalonde):** You're just asking a question of the actual bill, or—

**Mr. Tim Hudak:** An explanation, before we vote on it, of what it means. What the impact is, is a better way of phrasing it. What's the impact of that subsection?

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Do you want to have the ministry staff come over?

**Mr. Wayne Arthurs:** We have ministry staff who might be able to provide some detail on what otherwise would be the minutia.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** For the record, can we get your name and your title, please?

**Mr. Michael Waterston:** Certainly. I'm Michael Waterston, senior counsel with the Ministry of Finance and Ministry of Revenue, legal services branch.

We've been asked about the purpose of the amendment contained in clause 1 to schedule F, which proposes to repeal subsection 2(1) of the Executive Council Act and replace it with the provision which is shown in subsection (1). The proposed provision is intended to repeal the specific lists of ministerial positions that are currently included in the act. The purpose of that is because the names change frequently, so the list is out of date and would quickly become so again if the ministerial portfolios were updated. The proposed provision instead says that the Lieutenant Governor may appoint under the Great Seal such ministers of the crown as are provided for under any act, whereas the Lieutenant Governor sees fit to appoint to hold office during pleasure.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Thank you. Further comment?

**Mr. Tim Hudak:** Any time a ministry changes you need to change the Executive Council Act? Is that what you mean?

**Mr. Michael Waterston:** No. The current Executive Council Act, the current subsection 2(1), has the specific names of the positions of ministers.

**Mr. Tim Hudak:** Right.

**Mr. Michael Waterston:** So this would amend that to take out that list of names so that if there is a change to the ministerial portfolios or to the identity of the ministers, the act would not have to be amended and it would not be out of date.

**Mr. Tim Hudak:** Okay. Thank you.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Shall schedule F, section 1, carry? Carried.

Now we have the amended NDP motion number 3.

**Mr. Michael Prue:** I move that subsection 7(2) of the Executive Council Act, as set out in section 2 of schedule F of the bill, be struck out and the following substituted:

“Certain absences

“(2) A day on which a minister is absent from the chamber is not counted as an absence for the purpose of this section if the Premier is of the opinion that the absence is justified by reason of illness, bereavement, a religious holiday or some similar reason.”

The purport and the reason we’re doing this is, currently the executive council forces ministers to attend question period two thirds of the time. The provision of Bill 114 amends the act to exempt ministers from this requirement when they travel for trade missions. Our amendment would effectively reverse that exemption.

All ministers, we believe, are busy and do important work and they make it to question period most of the time, and I think in every case in the last few years, two thirds of the time. So why would ministers who travel on government business junkets, or however the public sees it, be exempted? We think that travel and foreign travel should not take them away from their important duty in the Legislature more than one third of the scheduled time and therefore seek to have this removed. Otherwise you’re going to have a minister who can simply claim that they’re abroad and there is no accountability whatsoever. They don’t have to meet a minimum, not even a one-day standard, as the act is written.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Further comments?

**Mr. Wayne Arthurs:** Just briefly, we do have legislation requiring, at this point, ministers to be in question period two thirds of the time. Those attendance records are published so that the public has the opportunity to see the attendance of those ministers and judge their performance, at least in part, based on that. We believe, at this time, with international trade becoming increasingly important, apart from the matters that are already listed—bereavement, illness, religious holiday—that may or may not take ministers away from their duties in the Legislature on occasion, we need to have that level of capacity for ministers with those responsibilities seeking to sell this province and its business opportunities abroad—to have that flexibility without being unduly punished because of that.

1520

**Mr. Tim Hudak:** I am going to support my colleague Mr. Prue’s motion here. It seems to me that subsection (2)(b) is almost like a get-out-of-question-period-free card. I don’t perceive why a minister would be travelling internationally if he or she wasn’t doing something for trade or economic development. So basically, it would excuse every time the minister is outside of Canada from his or her duty to attend question period. I think Mr. Prue is right and he has spotted a dramatic broadening of the act.

I guess I’ll ask my friend the parliamentary assistant two questions. It is published, but I have not had a chance to look it up. Where are the absences published? And secondly, who would decide whether international travel was truly related to trade and economic development and not just a junket?

**Mr. Wayne Arthurs:** Let me start with the second part, because it wouldn’t be my view that ministers travelling for the purposes of trade or economic development internationally could, in any fashion, be construed to be junketing. Although I can appreciate why the member opposite might say that, that’s certainly not the nature of the business or the way that we have conducted the business of the enterprise over the past five years.

Subsection (2)(b) does speak to the issue of internationally related trade or economic development. It says in the beginning clause, “If the Premier is of the opinion that the absence is justified,” so it’s a mechanism for accountability that way, so that one couldn’t just not show up for question period over an extended period. It rests with the Premier to make that determination if, in his view, his minister is on international business for trade or economic-development-related activity.

If one were interested directly in seeing where those matters are published, they are published, I understand, on the Premier’s website.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any other questions or comments?

**Mr. Michael Prue:** I just don’t want people to think I’m thinking only of the Minister of International Trade. The present Minister of Citizenship and Immigration has been in China with the Premier for a couple of weeks. I’m not sure that his presence there is of the same nature—I’m not sure what his purpose is there at all. But obviously, his absence will fall under his ambit. So it’s not just one minister; potentially literally every minister who travels anywhere can seek exemption.

What worries me is that this is open-ended. If you were constantly away, then you would constantly be forgiven, and the two-thirds rule would not apply. They could literally show up just once in a while and it would be satisfied provided they were out of the country. I just have difficulty—I know that members opposite may not, but that’s the way I see it. So when it comes to a vote, I intend to vote no, and I have already asked for a recorded vote.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any other comments or questions?

**Mr. Tim Hudak:** I think Mr. Prue is on to something here. As I read schedule F more closely, I want to note, too, that the “Commencement” section, subsection 3(2), says, “Section 2 is deemed to have come into force on October 22, 2008.” The rest of this section comes into force whenever the bill receives royal assent—say, potentially in January or February, on a go-forward basis. But the get-out-of-question-period-free card is retroactive to October 22, 2008.

**Mr. Michael Prue:** Which was the start of the China trip.



**Mr. Tim Hudak:** Which was, as my friend says, the beginning of the China trip. So I wonder if we could have a friendly amendment to call this the “Minister Chan amendment” to the bill.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** No other comments?

**Mr. Wayne Arthurs:** I hesitated to rise on a point of order with respect to amendments, but I took his comment in jest.

What I would say, though, is that the provision here would be—and Mr. Prue is quite right: It could apply to any number of ministers, obviously. It doesn’t say the Minister of International Trade and Development; it talks to international travel related to trade or economic development. The ministers themselves have to have a degree of public accountability. The Premier is the one who would make the determination, in his opinion, whether that absence was justified. They should be held accountable in the Legislature by the opposition, in question period, and by the public, both in his and our performance, generally, and at election time. I think there are provisions for that level of accountability, both in the Premier’s office and through the checks and balances, particularly through question period, that are available to the opposition and the public to be able to evaluate the performance of ministers accordingly.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Thank you, Mr. Arthurs.

Any other questions or comments? Seeing none, since Mr. Prue has asked for a recorded vote, we will proceed to the next one.

NDP motion number 4.

**Mr. Michael Prue:** I move that section 2 of schedule F of the bill be amended by adding the following subsection:

“(2) Section 7 of the act is amended by adding the following subsection:

“Absence report

“(2.1) If a minister is absent from the chamber for international travel described in clause (2)(b), upon the minister’s return from travel, the minister shall prepare a report that sets out the following and cause it to be laid before the Legislature:

“1. A description of the minister’s travels.

“2. The costs of the minister’s travels.

“3. The trade or economic development matters attended to by the minister in the course of the minister’s travels.

“4. The guaranteed employment opportunities created by the minister’s travels.”

Mr. Chair, in the unlikely event that recommendation number 3 fails, we are putting forward this one because it allows for the Premier to absolve the minister of the responsibility of appearing before the Legislature by virtue of the fact that that minister is travelling, but it ensures that the Legislature has some control; so the Legislature is the repository of a note so that the Premier knows why the minister is travelling.

Quite frankly, I don’t know why the Minister of Citizenship and Immigration is travelling in China, although I understand his proficiency in Mandarin may be a useful tool, but I’m not sure how that’s related to his ministry or why he’s there. I’m not sure how much this is costing, but I would like to know. I’m not sure whether the trade or economic development matters attended to by the minister in the course of the minister’s travels—I want to know. I think we all need to know what he is doing there—or any minister; I’m not just picking on him. He’s just the one who’s away now, and I think we need to know what the minister has gained in the travels, whether or not we have secured some trade, some jobs or anything else.

That’s why this is being put forward. It’s about accountability and transparency and, in the unlikely event that number 3 fails, we hope you’ll support number 4.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any other comments?

**Mr. Tim Hudak:** Again, I think that Mr. Prue’s first amendment was the superior amendment but, he’s right, we have to have a fail-safe in case we don’t convince enough members of the government to support the first motion; therefore, I will be supporting Mr. Prue’s second motion as well.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any other comments? Okay. Once again, there was a request for a recorded vote. It will be deferred to the end.

Motion number 5, a PC motion.

**Mr. Toby Barrett:** Chair, this is also with reference to schedule F, section 2.

I move that section 2 of schedule F of the bill be amended by adding the following subsection:

“(2) Subsection 7(4) of the act is repealed and the following substituted:

“Status report

“(4) Immediately before the end of every session, the Premier shall prepare and cause to be laid before the Legislature a status report that shows, with respect to each minister and for the entire session,

“(a) which day or days the minister was absent from the chamber during part or all of the period set aside for oral questions and the reason for each absence; and

“(b) which day or days the minister was absent from the chamber during part or all of the period set aside for oral questions that are not counted for the purposes of this section by reason of subsection (2) or (3) and the reason for each absence.”

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any comments?

**Mr. Tim Hudak:** Chair, the motion read into the record by Mr. Barrett would basically ensure that each cabinet minister’s attendance record is tabled with the Clerk, including the particular reasons for a minister’s absence. Obviously, illness, bereavement, religious holiday—those things are all understandable and supportable. We believe, however, that if new reasons are given for ministers to be excused from question period, then all



members of the assembly should see those and form their own judgments about whether they're appropriate or not.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Thank you. Any other comments?

**Mr. Wayne Arthurs:** We won't be supporting this amendment as it's put forward. We have a provision that requires ministers to be there with the capacity for exemptions—the exemptions that are there and additional ones as we list in today's legislation. I think it would be beyond onerous, quite frankly, to provide a detailed provision as to the whys and wherefores of each time a minister was absent in part or in whole from question period. I'd hesitate to stay if the minister had to step out in the hall to chat with someone and came back in, and then we'd have to record that five-minute absence. I know; I understand that, in part or in all, it leads to the capacity to go well beyond what would normally be expected in the amendment as it's put forward, but that capacity would always be there. We're satisfied that the legislation as it exists and whatever provisions come from the result of our debate today are appropriate.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any other comments? Seeing none, with the fact that you've asked for a recorded vote, we'll move on to amendment number 6. It's a PC motion.

**Mr. Toby Barrett:** PC motion on page 6, also on schedule F:

I move that schedule F of the bill be amended by adding the following section:

"2.1 The act is amended by adding the following section:

"Report on international travel related to trade or economic development

"7.1 If a minister's absence from the chamber during part or all of the period set aside for oral questions is not counted by reason that the Premier is of the opinion that the absence is justified because of international travel related to trade or economic development, the minister shall, upon his or her return to the chamber, cause a report to be laid before the Legislature setting out full details of the results achieved by the minister on the trip."

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Are there any comments at the present time, before we proceed to the other?

**Mr. Tim Hudak:** Yes. I just wanted to add to Mr. Barrett's introduction of the motion, although I think it is quite self-explanatory. If ministers, if this new schedule F were to pass, had been excused by the Premier from attending question period for trade or economic development reasons, we think, similar to a motion brought forward by Mr. Prue, that they should then present to the Legislature a full accounting of the trip, what results had been achieved and the justification for that trip.

As Mr. Prue had mentioned earlier, Minister Chan was away from the Legislature for some time with the Premier in China, and we wonder if each day that the minister is away is actually truly in support of his ministerial portfolio or not—and that's just one example.

Members could then judge for themselves whether the trip was appropriate or not.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any other comments? Mr. Arthurs?

**Mr. Wayne Arthurs:** I won't be supporting the amendment. I'm satisfied that the current provisions and any changes that may come as a result of this bill provide adequacy in the context of accountability. I would expect that any Premier, regardless of who the Premier of the day was, would be held accountable in the Legislature and by the public for the actions of his or her ministers and that that Premier would certainly hold his or her ministers accountable for their actions to government and ultimately to the Legislature.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any other comments? Seeing none, I'll move on. Shall schedule F, section 3, carry?

**Mr. Tim Hudak:** I just want to debate it.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Mr. Hudak.

**Mr. Tim Hudak:** I'm not sure if staff from the Ministry of Finance had the answer to this, but subsection 3(2) says, "Section 2 is deemed to have come into force on October 22, 2008." Why that day?

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Further comments?

**Mr. Tim Hudak:** If we could have, maybe, advice from the Ministry of Finance staff, there's a date that this section is to come into effect—October 22, 2008. Typically, these things are at the end of a year or at the beginning of a month. It seems to be a rather arbitrary day of October 22, 2008.

**Mr. Wayne Arthurs:** Ministry staff is here. Certainly members of the committee have, as I understand it, the capacity to ask questions of the ministry if they're here and if they can provide information.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Do you want to give your name again for our record purposes?

**Mr. Michael Waterston:** Certainly. I'm Michael Waterston, Ministry of Finance. About the coming into force date contained in section 3 of schedule F: Subsection 3(2) says, "Section 2 is deemed to have come into force on October 22, 2008." That is the date of first reading of Bill 114, and it is standard for amendments in bills to come into effect on the date of first reading.

**Mr. Tim Hudak:** But subsection 3(1) comes into effect at royal assent.

**Mr. Michael Waterston:** Yes.

**Mr. Tim Hudak:** Can you reconcile the two?

**Mr. Michael Waterston:** I can only say that it was the intent of subsection (2) that it come into force at an earlier date, being October 22, the date of first reading.

**Mr. Tim Hudak:** I don't want to ask staff this. Maybe to the parliamentary assistant or one of his colleagues: Do we know when the Premier went on his trip to China, what day he left?

**Mr. Wayne Arthurs:** I don't know the specific date. I didn't pay attention to that particular information.

**Mr. Tim Hudak:** Okay. Thank you.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Shall schedule F, section 3—

**Mr. Tim Hudak:** Recorded vote.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** You've asked for a recorded vote; it's deferred to the end.

The next one is schedule G. Shall schedule G, section 1, carry? Carried.

Shall schedule G, section 2, carry? Carried.

Shall schedule G carry? Carried.

We'll move on to schedule H. Shall schedule H, section 1, carry? Carried.

Shall schedule H, sections 2 to 6, inclusive, carry? Carried.

Shall schedule H carry? Carried.

Shall schedule I, sections 1 to 3, inclusive, carry? Carried.

Shall schedule I carry? Carried.

I'll move on to schedule J. Shall schedule J, section 1—

**Mr. Tim Hudak:** Debate on schedule J? I know we do have an amendment—

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Okay. Any debate on section 1?

**Mr. Tim Hudak:** I do. As a preliminary before we get to our amendment to section 5, I do want to note the concern of the PC caucus is that schedule J as a whole is basically authorizing the government to spend funds for the fiscal year ending March 31, 2010. That would mean they're asking us to allow for \$55 billion under section 2, \$1.5 billion under section 3 and \$130 million under section 4 to be handed to the government in advance of any kind of budget being tabled. This is a new approach that we greet with some caution because, as I said, it's authorizing the government in November 2008 to spend substantial funds in taxpayer dollars all the way to March 21, 2010, in advance of any budget being tabled in the assembly.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Further comments?

**Mr. Wayne Arthurs:** This is not the very first time this has come forward. I understand we've been at this process for at least a year or so. The amounts are reflective, as you go forward, of the current estimates for those periods. It's not an enhanced amount in any way. Any enhancements may come as the result of a budgetary process, but it does provide a provision for expenditures that for the most part would be in line with our current expenditure limits.

**Mr. Tim Hudak:** Chair, just to reinforce the concerns I have: First, to those members who were here at estimates or may have followed the debate, we asked Minister Duncan why the projections for revenue and expenses for 2009-10 were absent from his economic statement. Traditionally, future years' expenses and revenues, and therefore deficit, surplus or balance, are in the economic statement. For some reason, that was missing altogether. So not only do we not have a budget for next year—that will be in the spring—but we don't even know what the projections are, at this point in time, by the

Ministry of Finance for revenues or expenses the province would incur next fiscal year.

**1540**

So, through schedule J, they're asking us to authorize massive amounts of funds, more than \$50 billion in total.

The other point I'll raise is, typically these things were done through interim supply and supply motions, which were fully debatable in the Legislature. So members could rise and question certain sums, what ministries they were going into, or make suggestions for changes in the bill. What we're seeing here is one schedule in a larger bill, which will basically limit the attention it receives, because it's jammed into a bill with 20-some sections. Secondly, because this bill was time-allocated and given very short shrift at committee, substantial sums of taxpayers' dollars being authorized is almost swept under the carpet.

So I will be voting against schedule J, but I want to raise a general concern about this practice of the government to have these massive authorizations for new spending slipped into massive budget bills, as opposed to having a debate on something that's a very significant investment of taxpayer dollars.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any other comments? Seeing none, shall schedule J, section 1, carry? All those in favour? Opposed? Carried.

Shall schedule J, section 2 to section 5, inclusive, carry?

**Mr. Tim Hudak:** Recorded vote.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Which one of them?

**Mr. Tim Hudak:** Sections 2, 3 and 4.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Okay. Shall schedule J, section 5, carry? All those in favour? Opposed? Carried.

PC motion number 7, Mr. Barrett.

**Mr. Toby Barrett:** This is a motion with respect to schedule J, new section 5.1, again with respect to the interim appropriations for the 2009-10 fiscal year.

I move that schedule J to the bill be amended by adding the following section:

"Maximum amount to be expended

"5.1(1) Despite sections 2, 3 and 4, the maximum amount that may be paid out of the consolidated revenue fund for the fiscal year ending on March 31, 2010 for a purpose set out in any of those sections shall not exceed the amount determined by increasing the amount authorized by the Supply Act, 2008 for the same purpose by the expenditure limit growth factor.

"Expenditure limit growth factor

"(2) For the purposes of subsection (1), the expenditure limit growth factor is the sum of,

"(a) the percentage growth in population in Ontario since March 31, 2008; and

"(b) the percentage increase in the consumer price index since March 31, 2008."

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Comments?



**Mr. Tim Hudak:** We have expressed concerns in the PC caucus about the rapid growth of government program spending under the McGuinty government, which effectively is the reason why we find ourselves back in deficit today.

As I said earlier, with respect to schedule J, we're concerned about the authorization of large sums, without due debate in the Legislature, so far in advance, particularly, of any kind of budget for that fiscal year—that we sought to put caps on expenditure growth, without further authorization from the Legislature, basically equivalent to population growth plus inflation.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Any other comments?

**Mr. Michael Prue:** I'm going to have a hard time supporting this, not because I don't want to rein in excessive spending, but because I'm very nervous about what is happening at this particular time with budgets, not only in this province, but around the world. We are in a deficit position. I have said publicly, and I did say so with Mr. Hudak and Mr. Sorbara being in attendance, that the province may have to look at short-term deficit financing, and I would agree to it, provided that the GDP-to-debt ratio remained relatively low, at below 20. I say that understanding that there are many Ontarians who are looking to this government for relief, particularly in terms of poverty, and I'm waiting for the poverty announcement in December. If there is not sufficient budgetary manoeuvring room to deal with the poverty crisis that is here and now, I hesitate to think what will happen if we do not take necessary steps come December. If the number of jobless people rises, if the misery index starts to go through the roof, then I think governments need to act and may have to look beyond what this would allow them to do.

So, reluctantly, I cannot support it. I understand what is being proposed, but the possibility of us being in a very, very long and protracted recession is all too apparent and real to me.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Thank you, Mr. Prue. Any other comments?

**Mr. Wayne Arthurs:** The intention is to ensure, through the interim appropriations, until the budgetary process is completed, that there's capacity for the government to undertake its necessary expenditures. Given the fall economic statement and the fiscal condition we're currently seeing, I'm not anticipating a lot of growth beyond—what we tried to do is reflect what our current expenditure levels are. We've had some success in getting a budget in place prior to the end of the fiscal year over the past three or four budgets, now. It's unlikely even this year that I think we would see a long-delayed budget that would put us in a position where we weren't able to account, pretty readily, reasonably early in the year to the Legislature on what we anticipate happening.

**Mr. Tim Hudak:** As a final comment on this, what I would encourage my colleague to take back to the minister is, you could bring this forward as its own act,

and then the Legislature would have a chance to debate the authorization of over \$56 billion. I find the practice one of concern, the growing use by the McGuinty government of this type of massive authorization of spending stuck in a bill with 24 different schedules, and I do fear that it doesn't receive the appropriate debate when it comes about in this manner.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Thank you. Other comments?

We'll move on to the next one, which is schedule J, section 6, and schedule J, section 7. Carried? Carried.

And then we'll move on to schedule K. Shall schedule K, section 1, to schedule K, section 4, carry? Carried.

Shall schedule K carry? Carried.

Shall schedule L, section 1, to schedule L, section 6, carry? Carried.

Shall schedule L carry? Carried.

Shall schedule M, section 1, to schedule M, section 8, carry? Carried.

Shall schedule M carry? Carried.

Shall schedule N, like Norman, section 1, to schedule N, section 8, inclusive, carry? Carried.

Shall schedule N carry? Carried.

Shall schedule O, section 1, carry? Carried.

Shall schedule O, section 2 carry? Carried.

The next one—

**Mr. Tim Hudak:** Debate.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Pardon me. You want to debate on this one?

**Mr. Tim Hudak:** Yes. We have an amendment coming shortly. I just want to raise the general concerns of the PC caucus. Basically, schedule O would create a new corporation. Currently, those duties have been undertaken with respect to a venture capital fund by the Ontario Financing Authority. We do worry about the growth rate in the bureaucracy. I assume that the OFA has been handling those responsibilities with existing staff. Given the fiscal situation the province finds itself in, we do wonder if setting up a brand new corporation should be a priority at this point in time and object to schedule O as a whole.

1550

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Other comments? Seeing none, shall schedule O, section 2, carry? All those in favour? Opposed, if any? Carried.

The next one is PC motion number 8. Mr. Barrett.

**Mr. Toby Barrett:** This is actually the first of four motions with respect to schedule O, which enacts or establishes the Ontario Capital Growth Corporation Act, 2008.

I move that subsection 3(2) of schedule O to the bill be struck out and the following substituted:

"Board

"(2) The board shall consist of at least three and not more than 12 members who are to be appointed by the Lieutenant Governor in Council from a list of proposed members approved by all parties recognized in the Legislature."



**The Vice-Chair (Mr. Jean-Marc Lalonde):** Comments?

**Mr. Tim Hudak:** This is anticipating that schedule O will pass based on government members' votes, so we're trying to make some improvements here and suggesting, in the interests of guarding the taxpayers' investment in the venture capital fund, that all parties work together in suggesting names to sit on the board of this new corporation.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Other comments?

**Mr. Wayne Arthurs:** Just so I understand—the public appointments process provides for scrutiny through the legislative committee on government agencies. So I'm not convinced at all that this needs the proposed members' approval by all three parties recognized in the Legislature.

**Mr. Tim Hudak:** The agencies committee has a bit of a soft veto. Members of the opposition can circle and question people who are being appointed; ultimately the government has votes on that committee. We thought in the interests of tripartisanship that the parties could work together and suggest a number of names for cabinet to consider to fill the board positions as opposed to the existing process where cabinet makes the decisions. You can call forward a couple of individuals for questions, but it's mostly a soft veto in agencies as opposed to something that's actually tripartite.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Thank you. Any other comments? Seeing none, since there was a request for a recorded vote, it's been deferred to the end.

Now I'll move on to section 4 of the schedule. Shall schedule O, section 4, to schedule O, section 9, carry? All those in favour? Opposed, if any? Carried.

*Interjections.*

**The Chair (Mr. Jean-Marc Lalonde):** Can I ask again, shall schedule O, section 4, to schedule O, section 8, carry? All those in favour? Opposed? Carried.

The next one is a PC motion, number 9.

**Mr. Toby Barrett:** I move that section 9 of schedule O to the bill be amended by adding the following subsection:

“Exception

“(1.1) Despite subsection (1), not more than two employees may be appointed by the Public Service Commission to conduct the business of the corporation.”

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Comments?

**Mr. Tim Hudak:** We want to maximize the funds invested in the venture capital fund. We learned during the estimates process that the OFA currently carries out the responsibilities. They're using, if I recall from the committee, two employees from their existing payroll. We think it fair to try to limit this new corporation, if it were to pass, to a maximum of two employees to make sure maximum funds are invested in venture capital firms as opposed to increasing the size of government.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Thank you. Other comments?

**Mr. Wayne Arthurs:** Mr. Chairman, I think the government's intent would be to ensure as best it can that two employees are sufficient and will undertake that in a very cost-effective way, but should the mandate or the role be expanded and deemed to be so, then it's our view that the government needs the capacity to make those changes without necessarily seeking a legislative change.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Thank you. Other comments? Since there are none, we'll move to the next one, since there was a request for a recorded vote.

Shall schedule O, sections 10 to 17 inclusive, carry? All those in favour? Opposed? Carried.

PC motion number 10.

**Mr. Toby Barrett:** I move that subsection 18(1) of schedule O to the bill be struck out and the following substituted:

“Winding up of the corporation

“(1) The Lieutenant Governor in Council shall order the board of directors to wind up the affairs of the corporation when the limited partnership known as the Ontario Venture Capital Fund LP ceases to carry on business.”

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Thank you. Any questions? Mr. Hudak.

**Mr. Tim Hudak:** We're just trying to sunset this new corporation in the interest of saving taxpayers' dollars once the business is complete.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Other comments? Mr. Arthurs?

**Mr. Wayne Arthurs:** I just want to say that if it were successful, and we expect it will be, and the government of the day chose to seek opportunities in additional, potential funds, this would require us to go back for legislative approval yet again, which is not the most efficient way to move forward. So we won't be supporting the amendment.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Further comments? Seeing none, a recorded vote has been requested. It's deferred to the end.

Shall sections 19 and 20 of schedule O carry? All those in favour? All those opposed? It's carried.

PC motion 11.

**Mr. Toby Barrett:** Further and finally, I move that schedule O to the bill be struck out in its entirety.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Thank you. This motion is out of order because you don't strike out a complete schedule. All you could do is vote against it.

Shall schedule O, section 21, carry? All those in favour? Against? Carried.

Shall schedule P, sections 1 to 6 inclusive, carry? Carried.

Shall schedule P carry? Carried.

Shall schedule Q, sections 1 to 6 inclusive, carry? Carried.

Shall schedule Q carry? Carried.

Shall schedule R, sections 1 and 2, carry? Carried.

Shall schedule R carry? Carried.

Shall schedule S, sections 1 to 7 inclusive, carry? Carried.

Shall schedule S carry? Carried.

Shall schedule T, sections 1 to 6, carry?

**Mr. Tim Hudak:** Debate.

**Mr. Toby Barrett:** We have a motion—

**The Vice-Chair (Mr. Jean-Marc Lalonde):** It's 6.1, your motion.

**Mr. Tim Hudak:** On the motion at hand of Mr. Barrett's, and we have one to come up next, again, I want to raise the concerns about this schedule being inserted into an act that has 24 different schedules. Similarly to schedule J, this authorizes the expenditure of—I'm just doing it quickly in my head—roughly \$34 billion without much scrutiny or real debate in the Ontario Legislature. Therefore, I want to raise the PC caucus's concerns. I'd like to add to that as a stand-alone, and will not be supporting schedule T.

1600

**The Vice-Chair (Mr. Jean-Marc Lalonde):** We'll ask for the vote again.

Shall schedule T, sections 1 to 6, carry? Those in favour? Opposed? Carried.

PC motion number 12: Mr. Barrett.

**Mr. Toby Barrett:** This is our last motion—schedule T, which refers to the Supplementary Interim Appropriation Act, 2008.

I move that schedule T to the bill be amended by adding the following section:

"Maximum amount to be expended

"6.1(1) Despite sections 2, 3 and 4 of the Interim Appropriation Act, 2008 and sections 2, 3, 4 and 5 of this act, the maximum total amount that may be paid out of the consolidated revenue fund for the fiscal year ending on March 31, 2009 for a purpose set out in any of sections 3, 4 and 5 of this act shall not exceed the amount determined by increasing the amount authorized by the Supply Act, 2008 for the same purpose by the expenditure limit growth factor.

"Expenditure limit growth factor

"(2) For the purposes of subsection (1), the expenditure limit growth factor is the sum of,

"(a) the percentage growth in population in Ontario since March 31, 2008; and

"(b) the percentage increase in the consumer price index since March 31, 2008."

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Comments?

**Mr. Tim Hudak:** In the interest of time I won't belabour the point, but similar concerns that are raised with respect to schedule J on limiting expenditures without full debate in the Legislature.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Other comments?

**Mr. Michael Prue:** I have similar objections to what I said on schedule J, motion 7.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Other comments?

We'll move to the next one, since there was a request for a recorded vote.

Shall schedule T, sections 7 and 8, carry? All those in favour? Opposed? Carried.

Now we're up to schedule U. Shall schedule U, sections 1 to 10, inclusive, carry? Carried.

Shall schedule U carry? Carried.

Shall schedule V, sections 1 to 12, carry? Carried.

Shall schedule V carry? Carried.

Shall schedule W, sections 1 to 11, carry? Carried.

Shall schedule W carry?

**Mr. Tim Hudak:** Hold on, Chair—debate?

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Yes, Mr. Hudak.

**Mr. Tim Hudak:** On schedule W, I just want to raise some concerns. I know my colleague Mr. Barrett from Haldimand-Norfolk has raised these in the Legislature quite consistently. This schedule W, of course is the Tobacco Tax Act.

I think the intention of the government, through schedule W, is to crack down and take a bite out of the underground market. I do worry about the increase in contraband tobacco. I understand, through some of the work done by the Ontario Convenience Stores Association, for example, that contraband tobacco use has grown from 24% to 49% in the Ontario market in the last three years alone. That's a massive increase. It can be found in the homes of one in three smokers, and I think, most unfortunate of all, it's making the biggest gains among young people 18 to 29 years of age. These tobacco products are illegal, they are cheap, they get more people hooked on smoking as a result, and do dramatic damage in fuelling organized crime.

I want to echo the good work that my colleague from Haldimand-Norfolk has done in terms of calling on the government to crack down on the illegal smoke shops and on the growing black market that is causing more young people to smoke, let alone the impact on revenue to the province.

**Mr. Toby Barrett:** Further to that, these provisions will not stop one illegal cigarette from entering the market. I consider this a very weak and tepid response to a massive societal problem. Close to 50% of the tobacco smoked in Ontario now is illegal. In my riding alone, I have at least five manufacturing operations. They do not pay any provincial tax. One of them is meant to be paying federal tax. I don't think they have forwarded any federal tax in two years.

I like to think that the measures in this bill suggest there might be some kind of joint movement between the province of Ontario and the federal government. We recognize that the measures in this bill strengthen existing provisions, but these provisions are not being enforced at all. The government is proposing to strengthen a law that it does not enforce. It certainly does not enforce it in native communities, and that is a disservice to good people who live in native communities in this province. It does not enforce business that is going on on provincial highways across the province of Ontario. I'm



very concerned about that, and including this here essentially makes a mockery of this proposed legislation.

**Mr. Wayne Arthurs:** Briefly, I think that the concern regarding smoking illegal cigarettes and tobacco products is one that's shared. Various members of all parties have raised and continue to raise the matter in the Legislature. It's important from the standpoint of enforcement. But the legislation has been acknowledged as helping to build upon the penalties related to illegal activity around the sale and possession of those tobacco products. Obviously, unless you have the penalty framework in place as well, the enforcement can't do its job. So I can't help but agree that we need to be able to do more in the context of enforcement in all sectors, but we also need this legislative framework to make it effective.

**Mr. Toby Barrett:** This is the finance committee, and we've had delegations in the past, and the estimate now is that Ontario is losing upwards of \$400 million a year in tax revenue. That would have gone a long way to balancing the books, in light of the recently projected deficit.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Thank you. Shall schedule W carry? Carried.

We will go back to section 1. Shall section 1 carry? Carried.

Shall section 2 carry? Carried.

Shall section 3 carry? Carried.

As for the requests for recorded votes, we'll do them one by one.

PC motion number 1.

**Ayes**

Barrett, Hudak, Prue.

**Nays**

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** It is defeated.

Motion number 2.

**Ayes**

Barrett, Hudak.

**Nays**

Aggelonitis, Arthurs, Leal, Pendergast, Prue, Sousa.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** It is defeated.

Shall schedule A carry? Carried.

**Mr. Tim Hudak:** I had asked for a recorded vote on section 9 of schedule A, right?

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Yes, we have it there.

**Mr. Tim Hudak:** This is the area that Mr. O'Toole had brought up.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Shall schedule A, section 9, carry?

**Ayes**

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

**Nays**

Barrett, Hudak, Prue.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Schedule A, section 9, is carried.

Shall schedule A carry? Carried.

Shall schedule C carry?

1610

**Mr. Tim Hudak:** Hold on a second. Did we ask for a recorded vote on C? I thought C already carried.

**The Clerk of the Committee (Mr. William Short):** No. We're doing a housekeeping issue.

**Mr. Tim Hudak:** Okay. I don't remember it.

*Interjection.*

**Mr. Tim Hudak:** Okay, sure.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Shall schedule C carry? Carried.

Shall schedule E carry? Carried.

Now we are on a recorded vote on NDP motion 3.

**Mr. Wayne Arthurs:** This is the amendment; correct?

**The Vice-Chair (Mr. Jean-Marc Lalonde):** It's the NDP motion.

**Ayes**

Barrett, Hudak, Prue.

**Nays**

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** That is lost.

NDP motion 4, all those in favour?

**Ayes**

Barrett, Hudak, Prue.

**Nays**

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** It's lost. PC motion 5, all those in favour?

**Ayes**

Barrett, Hudak, Prue.

**Nays**

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** The motion is lost.

Shall schedule F, section 2, carry? All those in favour? Opposed? Carried.

PC motion 6, all in those in favour?



**Ayes**

Barrett, Hudak, Prue.

**Nays**

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** The motion is lost.

Shall schedule F carry? All those in favour? Opposed? Carried.

PC motion 7, all those in favour?

**Ayes**

Barrett, Hudak.

**Nays**

Aggelonitis, Arthurs, Leal, Pendergast, Prue, Sousa.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** It's defeated.

There was a recorded vote asked for on section 2 of schedule J. Shall schedule J, section 2, carry?

**Ayes**

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

**Nays**

Barrett, Hudak, Prue.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** The motion carries.

There was a recorded vote on section 3. All those in favour?

**Ayes**

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

**Nays**

Barrett, Hudak, Prue.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** Carried. Shall section 4 of schedule J carry?

**Ayes**

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

**Nays**

Barrett, Hudak, Prue.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** It is carried.

Shall schedule J carry? All those in favour? All those opposed? It's carried.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** PC motion number 8.

**Ayes**

Barrett, Hudak, Prue.

**Nays**

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** It's lost. Shall schedule O, section 3, carry? Carried. PC motion number 9.

**Ayes**

Barrett, Hudak, Prue.

**Nays**

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** It is defeated.

Shall schedule O, section 9, carry? Carried. PC motion 10.

**Ayes**

Barrett, Hudak.

**Nays**

Aggelonitis, Arthurs, Leal, Pendergast, Sousa.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** It is lost. Shall schedule O, section 18, carry? Carried. Shall schedule O carry? All those in favour? Opposed? Carried. PC motion number 12.

**Ayes**

Barrett, Hudak.

**Nays**

Aggelonitis, Arthurs, Leal, Pendergast, Prue, Sousa.

**The Vice-Chair (Mr. Jean-Marc Lalonde):** It is lost. Shall schedule T carry? All those in favour? Opposed? Carried. Shall the title of the bill carry? Carried. Shall Bill 114 carry? All those in favour? Opposed? Carried.

Shall I report the bill to the House? All those in favour? Carried.

The meeting is adjourned.

*The committee adjourned at 1615.*



## CONTENTS

Thursday 6 November 2008

<b>Subcommittee report</b> .....	F-481
<b>Budget Measures and Interim Appropriation Act, 2008 (No. 2), Bill 114, <i>Mr. Duncan</i></b> <b>Loi de 2008 sur les mesures budgétaires et l'affectation anticipée de crédits (no 2),</b> <b>projet de loi 114, <i>M. Duncan</i></b> .....	F-481
<b>Coalition After Property Tax Reform</b> .....	F-481
Mr. Bob Topp .....	
<b>Canadian Taxpayers Federation</b> .....	F-483
Mr. Kevin Gaudet .....	
<b>Municipality of Clarington</b> .....	F-486
Mr. Jim Abernethy .....	
Mr. Dennis Hefferon .....	

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Mr. John O'Toole (Durham PC)

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## Assemblée législative de l'Ontario

Première session, 39<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 20 November 2008

# Journal des débats (Hansard)

Jeudi 20 novembre 2008

## Standing Committee on Finance and Economic Affairs

Pre-budget consultations

## Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

Chair: Pat Hoy  
Clerk: William Short

Président : Pat Hoy  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 20 November 2008

Jeudi 20 novembre 2008

*The committee met at 0848 in room 151.*

## SUBCOMMITTEE REPORT

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. Our first bit of business this morning would have the subcommittee report read into the record. Mr. Arthurs.

**Mr. Wayne Arthurs:** Your subcommittee met on Thursday, October 30, 2008, to consider the method of proceeding on pre-budget consultations, 2009, and recommends the following:

(1) That the committee hold pre-budget consultations in Toronto on Thursday, November 20, 2008; Thursday, December 4, 2008; and Thursday, December 11, 2008.

(2) That the committee request authorization from the House leaders to meet during the week of December 15, 2008.

(3) That the committee hold pre-budget consultations in Niagara Falls, Windsor, Sudbury, Thunder Bay and Ottawa during the week of December 15, 2008.

(4) That the committee clerk, in consultation with the Chair, post information regarding pre-budget consultations on the Ontario parliamentary channel and the committee's website.

(5) That the committee clerk, in consultation with the Chair, place an advertisement, no later than the week of November 3, 2008, in a major newspaper of each of the cities in which the committee intends to meet, and that the advertisements be placed in both English and French papers where possible.

(6) That each party provide the committee clerk with the name of one expert witness and one alternate no later than November 27, 2008.

(7) That expert witnesses be offered 15 minutes for their presentation, and be given five minutes of questioning from each political party.

(8) That expert witnesses be scheduled to appear before the committee in Toronto on Thursday, December 4, 2008, or Thursday, December 11, 2008, subject to their availability.

(9) That interested people who wish to be considered to make an oral presentation in Toronto contact the committee clerk by 5 p.m. on Monday, November 17, 2008.

(10) That, if necessary, the members of the subcommittee prioritize the list of requests to appear and

return it to the committee clerk by 12 noon on Tuesday, November 18, 2008.

(11) That interested people who wish to be considered to make an oral presentation in Niagara Falls, Windsor, Sudbury, Thunder Bay and Ottawa contact the committee clerk by 5 p.m. on Friday, December 5, 2008.

(12) That, if necessary, the members of the subcommittee prioritize the list of requests to appear and return it to the committee clerk by 4 p.m. on Monday, December 8, 2008.

(13) That if all requests to appear can be scheduled in any location, the committee clerk can proceed to schedule all witnesses and no prioritized list will be required for that location.

(14) That the minimum number of requests to appear to warrant travel to a location be eight.

(15) That all witnesses be offered 10 minutes for their presentation, and that witnesses be scheduled in 15-minute intervals to allow for questions from committee members if necessary.

(16) That the deadline for written submissions be 5 p.m. on Friday, January 16, 2009.

(17) That, in order to ensure that all scheduled presenters are treated with respect and dealt with without delay during the committee's public hearings on pre-budget consultations, the committee adopt the following procedures:

—That notice be provided of any proposed motion that would refer to issues that would normally be included in the committee's report-writing stage;

—That notice of a proposed motion be tabled with the committee clerk in writing;

—That the committee postpone consideration of the proposed motion until the committee commences its report writing; and

—That adoption of the above notice procedure would not limit in any way the right of committee members to move any proposed motion during the committee's report-writing stage.

(18) That the research officer provide a summary of the presentations by 12 noon on Monday, February 9, 2009.

(19) That the research officer provide a draft report to the committee members by 12 noon on Monday, February 16, 2009.

(20) That, in order to facilitate the committee's work during report writing, proposed recommendations should



be filed with the clerk of the committee by 12 noon on Friday, February 13, 2009.

(21) That the committee meet for the purpose of report writing on Thursday, February 19, 2009.

(22) That the committee authorize one staff person from each recognized party to travel with the committee, space permitting, for the purpose of pre-budget consultations, and that reasonable expenses incurred for travel, accommodation and meals be paid for by the committee upon receipt of a properly filed expense claim.

(23) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the sub-committee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

Mr. Chair, that's your subcommittee report.

**The Chair (Mr. Pat Hoy):** Any discussion? All in favour? Carried. Very good.

## PRE-BUDGET CONSULTATIONS

### GEORGE BROWN COLLEGE

**The Chair (Mr. Pat Hoy):** Now we'll begin with our first presentation of our pre-budget consultations, 2009. I would ask George Brown College to come forward, please.

**Ms. Anne Sado:** Good morning.

**The Chair (Mr. Pat Hoy):** Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our Hansard reporter.

**Ms. Anne Sado:** My name is Anne Sado, and I am president of George Brown College in Toronto. I am also currently the chair of the board of Colleges Ontario, representing Ontario's 24 colleges.

My presentation this morning will focus on Reaching Higher; operating funds and the outcomes an investment in post-secondary education will support; the opportunity to invest in innovation by supporting applied research at colleges; and the need for capital for our sector.

I have a keen interest in supporting Ontario's economy—as a citizen, as a former senior business executive, which I did for over 25 years; as president of George Brown College, a role I have held for almost five years; and as a devoted advocate of the college system.

I'd like to start by telling you a little bit about George Brown College. We are located in the heart of the city of Toronto and, as such, reflect the rich diversity of the city and the province. We serve approximately 20,000 full-time students each year and almost 65,000 continuing education registrants. We graduate over 5,000 students per year with a range of credentials from certificates to degrees. We represent just over 8% of the college system in Ontario and are currently the third-largest college in our province.

Our student population grew by 8.6% this year over last, and we have grown just over 32% in the last five

years. On average, we have seven applicants for every student we can accept, and in some programs, this ratio is as high as 25 to 1.

Our focus is on preparing graduates to meet industry needs—leading to meaningful employment—and we do so in partnership with industry and the community. Nine out of 10 of our graduates get a job within six months of graduation.

We understand the current fiscal challenges facing our province. We heard the message in the fall economic statement and applaud the government's commitment to fiscal responsibility. We fully support the need to be smart and focused in how the province's resources are spent. We support accountability and are willing to take responsibility for achieving the outcomes we commit to.

I'd like to start by addressing Reaching Higher and operating funding. This government has shown leadership in supporting post-secondary education. The Reaching Higher plan announced in the 2005 budget was a much-needed investment in the system. The Reaching Higher fund enabled colleges to implement new access and outreach initiatives, improve student services, expand learner supports, invest in learning facilities and resources and renew and establish new programs. Colleges launched 200 new programs in response to employer and community demand for graduates to meet shifting labour market needs. There is a consistent improvement in graduation rates and satisfaction ratings from students, graduates and employers.

At George Brown, thanks to the Reaching Higher investment, we increased enrolment of under-represented groups, with a focus on first-generation, aboriginal students and students with disabilities; we hired almost 40 new full-time faculty over the last two years; we implemented a student success strategy that, this fall, is supporting 1,500 students in 16 programs; and we improved student retention and satisfaction metrics across the board.

While we appreciated the Reaching Higher investment, it was the first injection of new money into a system that had been frozen for almost 15 years. Our per-student operating grant, in constant dollars, is now back to the levels of the mid-1990s. Ontario continues to receive less funding per student than any other province in Canada and we receive, as a college system, significantly less per-student funding than either high schools or universities.

I noted at the outset that we are committed to being accountable to outcomes for the operating funds we are granted. I'd like to outline key ways in which George Brown contributes to the economy and the knowledge and skills agenda of our province.

George Brown develops workplace-ready graduates to be the skilled workforce needed to keep our economy going. We educate students in sectors where there is a clearly identified market need for new graduates. Just a couple of examples follow.

We recently expanded our Centre for Hospitality and Culinary Arts to support the forecast shortage of 300,000

workers across Canada in the hospitality industry. We have already grown our enrolment in this area by 20% in the last two years, and we will be growing an additional 20% over the next two years.

We introduced a bachelor of construction management program in response to an identified need in the construction industry. The development of this unique program in Ontario—and I believe there is only one other in Canada—was financially supported by the Toronto Construction Association, which currently also provides grants to cover half the tuition for all first-year students enrolling in the program; they have done this every year since we introduced it.

George Brown has been active in supporting the Second Career strategy.

We have introduced several bridging programs for internationally educated professionals, from construction management to our college teacher training program to a new graduate certificate in research, commercialization and innovation, which is launching in January 2009.

We have a strong commitment to access and outreach initiatives. We partner with Regent Park on Pathways to Education. We offer dual credits through the school-to-college-to-work initiative. We offer augmented education programs in partnership with the Centre for Addiction and Mental Health to people who have had mental health or addiction histories.

I'm just going to pause on that one for a minute. Our assistant cook extended training program and our construction craft worker programs are two we've developed in partnership with CAMH. We've been running the assistant cook program for four years, and I'm pleased that the employment outcomes are excellent. For the 2006-07 graduates, 55% are still employed after two years of completing the program. This program has a significant and measurable impact on reducing social support costs for this population and can play a key role in supporting the government's poverty reduction agenda.

We've been playing an active role in applied research. We work with industry, often small and medium enterprises, to help solve industry problems or to help bring new products to the next stage towards commercialization. We are involved in a range of projects. Again a couple of examples: We're assisting in the development of a patient education information system to help manage chronic disease, and we're helping to develop organic candies as a healthy alternative to sugary snacks for a Toronto-based confections company. We secured external funding of \$225,000 last year to support six projects, and in addition we supported 20 faculty projects with seed funds that in turn leveraged \$300,000 of additional funding from industry and community partners.

0900

So what do we need in order to continue offering these programs to our students and the community and to accept the increasing numbers of students who want and need a post-secondary education? We need additional and continued investment. Considering the role colleges

play in economic development, we need to cover our costs. System costs are estimated to increase by about \$120 million next year. After tuition, an investment of \$75 million in operating funds for 2009-10 is an efficient investment in our economy. The \$198 million identified for 2009-10 in the Reaching Higher plan could support this investment.

We need capital—and our system is recommending \$50 million—for renewal and maintenance of our facilities. Without up-to-date equipment, facilities and technology, we cannot train and educate the students to the standard which employers expect.

For the longer term, it is critical that the government include college infrastructure funding in the infrastructure program. By investing in college infrastructure, the government could deliver quick wins for the economy and its skills agenda. We also expect that infrastructure spending will be used by government to support the economy during this transition period. This will require skilled workers to implement the infrastructure programs.

We must also remember that, with the growth in the GTA, we are expected to be short at least 45,000 student spaces by 2015. In order to compete in the global marketplace, it is essential that we innovate and create the next generation of jobs. This is where applied research at Ontario's colleges is key. A modest investment will help us continue to build this capability for the benefit of the Ontario economy.

In summary, colleges have the strategies and tools, industry partners, faculty, staff and students that contribute to the strengthening of Ontario's economy. An investment in colleges is the right FIT for Ontario: "F" stands for flexibility and adaptability—colleges can and do react quickly to the changing needs of our economy; "I" stands for industry and labour and the partnerships the college sector has developed and utilized so effectively, and "T" stands for technology and tools to support the retooling of our economy.

Thank you. I'd be happy to answer any questions.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation. This round of questioning will go to the official opposition. Mr. Barrett.

**Mr. Toby Barrett:** Thank you, Ms. Sado. I hear what you're saying on supporting applied research. Given the changing economic climate right now, one question I have is, to what extent is George Brown in a position to reach out—you are a community college—beyond teaching students or doing research, with respect to economic issues, whether it's within the industry that you support?

One example I think of—I think it was up Sydney way. I visited University College of Cape Breton. They do teaching, obviously, they do research, but they had a very comprehensive community economic development program. The faculty were literally out in the field; they rolled up their sleeves and were trying to bring along an area that was in dire economic circumstances. Is there any room for a community college to change direction and try to help out that way?



**Ms. Anne Sado:** There's lots of room. In fact, it's not a change of direction; it's a continuation of a direction we're already taking. I could give you a couple of examples on that—

*Bells ringing.*

**Ms. Anne Sado:** I don't know if we're supposed to stop during the bell. No?

**The Chair (Mr. Pat Hoy):** We'll continue.

**Ms. Anne Sado:** Okay. We have a few initiatives. Number one, we've created an office of community partnerships, and we actually reach out and create new opportunities for the community. We're especially supporting a number of at-risk groups. For example, we do computer training for the people who use the Fred Victor mission, which is just up the street, on Jarvis, from us. We work with the Toronto East Community Initiative. We have partnerships with Goodwill, where we actually provide training and help develop job opportunities for some of the people supported by Goodwill Industries. There's an organization called ACE, Advancing Canadian Entrepreneurship, which is part of a global organization called SIFE, Students in Free Enterprise. These are student clubs, and they're supported by faculty in universities and colleges. For the second year in a row, we have created a program where students have created something called Start-Up, a new business training program. They take our United Way Toronto partners through a training program to help them get businesses going for their agencies. So we take them through a four-week training module and we provide consulting services to get their businesses going. Then we've developed another program called Stay-Up, which actually supports them in sustaining the business once it's under way.

The other part of it is the applied research, which we're already doing and which I mentioned, where we have our faculty involved in working mostly with small and medium enterprises, because they don't have the facilities to do that kind of research. For one of the circuit board manufacturers last year, because we have an industry-supported production environment for micro-electronic technology, we were able to solve a manufacturing problem for them in terms of the way they soldered these microchips onto those boards. We could use the facility, something that the small business would never have been able to support. We solved their manufacturing problem, enabled them to continue manufacturing and solve their reject problem so they had a much higher standard of quality and could continue their business enterprise. They paid us a small amount of money that covered some of our costs, and it gave students and faculty a great opportunity to support the economy.

**Mr. Toby Barrett:** You mentioned—

**The Chair (Mr. Pat Hoy):** You have about a minute.

**Mr. Toby Barrett:**—that you have students with disabilities: What services or structure do you provide for people with disabilities?

**Ms. Anne Sado:** We have a student centre with counsellors who support these students. We have the largest contingent of students who are deaf and hard of hearing. We provide sign language interpreters and note-takers to

help them. We have peer tutoring opportunities that we make available for students with different issues. The student success strategy I've mentioned, where we have counsellors and faculties who meet with students to identify early in their education if they're going to have problems in keeping up with their learning or if they need different types of learning supports; we identify early if they have an issue and we create an opportunity for them to be tutored or mentored or peer mentored. We have increased our success rates with those students, I'd say, probably between 8% and 10% over the last two years since we introduced the program.

**Mr. Toby Barrett:** Thank you very much.

**The Chair (Mr. Pat Hoy):** Thank you, and thank you for your presentation.

## COLLEGES ONTARIO

**The Chair (Mr. Pat Hoy):** I now call on Colleges Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. There might be up to five minutes of questioning. I would just ask you to identify yourself for the purposes of our recording Hansard.

**Ms. Linda Franklin:** Super. I'm Linda Franklin. I'm the president and CEO of Colleges Ontario.

**Mr. Bill Summers:** Bill Summers, vice-president, research and policy.

**Ms. Linda Franklin:** Thank you very much for the opportunity to address you folks today and share with you our ideas on the essential role that we think colleges have to play, particularly in this economy, and the immediate and long-term challenges we face as a result of these pressures.

Our 24 colleges, we believe, will be central to the province's efforts to manage this difficult economy. Colleges, of course, are key in labour market activity. We have the skilled workforce we need to support innovations in industry and other sectors because of college training, and we provide education and training to greater and greater numbers of people each year so that people can break free from the poverty trap and more people from under-represented groups have an opportunity to make a meaningful contribution to the workforce.

It's interesting. When you look at college enrolment numbers, we draw students from every economic bracket in the province. It doesn't matter what your family income is; you are able to access college, if you have an interest, in this province.

Best of all, I think a good message for this committee is that in this current climate we don't need to create new funding pressures for the government to achieve these goals with us in the next few years. By simply realigning existing funds and making small, targeted investments in the right place, the government can position colleges to play an even greater part in putting our province back on the road to recovery.

0910

As I think all of you here know—we've worked with all of you and all your parties—colleges have been good



partners in the province. The partnership between government and colleges has produced real results for the province, the economy, and of course our students.

The government has asked us all to partner again, this time to find ways to maintain and build upon the gains we've made in the face of a difficult economy and the need for restraint, things like Second Career, for example. Once again we are prepared to do our part, and we're prepared to do it in a restrained spending environment, as we've been doing for many years. But we think, importantly, Queen's Park also has to do its part.

Ontario's colleges have always been asked to do work more efficiently than other education partners. As you probably know, per-student funding to colleges in Ontario is less than university levels and less than high school education levels in the province. In Ontario today, we provide \$12,000 in grants and tuition revenues for a typical student at university. A typical high school student in Ontario is funded at a level of \$10,000 per student. Funding for a typical college student, and this calculation includes both provincial grants and regulated tuition fees, is only \$8,000 per student. Similarly, when operating funds are distributed for post-secondary education, colleges have traditionally, historically received a third of these funds while universities receive two thirds of the funds.

I can't imagine anyone in this room believes it's less costly to educate a student in college than at high school or that our costs are significantly different in education than universities'. But we have consistently had to manage with less, so we are a very, very efficient system and a very good use of government's money because of that.

We're not here today asking to resolve this inequity, only to draw it to your attention as a means of indicating how well we've managed over time. It's important to recognize that we are terribly efficient and have had to find more efficiencies than our other education partners, so for our sector, further efforts to find efficiencies can only be achieved through significant programs cuts and staffing reductions, probably not in the best interests of the province at this point in time when we need to be encouraging more and more folks to get post-secondary education and upgrade their skills.

We have to acknowledge as well that as a result of these historic funding inequities, the fiscal situation at most colleges is at a critical point. There has been a lot of support and help through Reaching Higher. Nonetheless, because of where we started before that program began and because of the distribution of funding, more than half of Ontario's colleges will be running a deficit in 2009 as the reserve funds they've been relying on to make up the difference over the past few years run out. These deficits, because of accounting rules, are going to show up on the province's books. We're going to be part of your larger problem, I'm afraid.

Colleges are in deficit positions because there has been a \$100-million funding shortfall for the sector, due to pressures such as enrolment increases and salary increases, particularly an arbitrated settlement with our

faculty a couple of years ago. Operating funding, because it was flat-lined last year, has left us in a bit of a hole.

The Reaching Higher investments, on the other hand, we think have produced terrific results for the province: higher student and graduate satisfaction rates, improved graduation rates, improved student services, as Anne was describing a moment ago, and expanded opportunities for lots of new individuals to get an education. These are important gains that the province has to build upon, but we're a bit concerned that these gains are at risk.

We've recently been informed by the ministry that the colleges' share of the last year of Reaching Higher operating funds will be significantly less than the traditional one third allocation, maybe as low as one fifth. That's unprecedented historically. Apparently, as we understand it, the ministry has decided to direct half of those operating funds to university graduate studies and medical school enrolments before distributing the remainder between colleges and universities.

I think a key message from us to you is that we're certainly supportive of the need for more graduate education. It's an important priority; it has to be funded. But we think, frankly, emphatically, we shouldn't be sacrificing college programs to pay for graduate spaces. In the current economy, we think that kind of trade-off just doesn't make any sense whatsoever.

In fact, when you look at the data, a recent survey by the Canadian Federation of Independent Business found that businesses are saying to us that they are going to need college graduates at a ratio of six to one over university graduates in the coming years to fill their workforce demands. For that reason, we think that the government has to go back to the more traditional allocation of these resources.

The Reaching Higher fiscal plan for next year provides for an increase of \$198 million in operating grants for colleges and universities. We need to ensure that colleges receive about 30% of that funding so we can continue to do what the government has asked us to do. This would still, even with that division, give universities 70% of that fund, or \$139 million of the \$198 million in operating.

We think we all have to tighten our belts in difficult times, but we don't think that any one sector should be asked to share a disproportionate part of the burden. In the current modelling, that's what we believe colleges are being asked to do.

Looking at other areas of investment that can help produce some positive results for the economy, as Anne has pointed out, one of the things we really do need to focus on is applied research. Colleges are active in applied research in areas like manufacturing technologies, health and life sciences, and environmental technologies.

Our focus is very much on small and mid-sized businesses. We go out and help them solve immediate industry problems. We don't do long-term, decades-long research that solves fundamental problems. We're on the ground working with your small and mid-sized busi-

nesses in your ridings to solve their problems. Frankly, to compete in the global marketplace, it's really vital that we continue this work and that our small and mid-sized enterprises continue to innovate. Right now, though, our efforts are being done without any dedicated funding, and it's being done by college staff working on their own time and often funded by the colleges themselves and whatever partnerships they can arrange with business.

A few years ago, a pilot project provided a modest investment in college applied research, but this funding ends in the coming year. Without it continuing, there will be no funding for research at Ontario colleges whatsoever on a provincial level.

We believe a relatively small investment of \$3 million would pay great dividends to the economy and to individual small and mid-sized businesses. When you compare it to the billions of dollars that go into university research every year, we think this would be a very, very modest investment with enormous potential for gain overall.

We've talked about the fact that we support graduate education but that it produces a big funding shortfall in the current model for colleges. In fact, we don't believe that's necessary. We believe there is money available for some of these modest investments. We should remember that in the 2007 federal budget, \$800 million in new money was allocated nationally for post-secondary education; \$300 million of that has come to the province. In addition, there's a 3% annual increase in those funds guaranteed. With these new funds in the provincial treasury, we don't think there's any reason why the government can't fully implement Reaching Higher, provide colleges with a fair share of the funding we require to do our work, and also manage to support the graduate education and medical school spaces that are so critical going forward.

Just before we end, I'd like to add one other issue today so folks can bear it in mind. The recently approved Colleges Collective Bargaining Act, which gives part-time employees the right to organize, is something we're all going to have to keep in mind going forward. As we know, we fast-tracked the approval of that legislation and it has received royal assent.

Colleges respect employees' rights to organize, but we're publicly funded institutions. At the end of the day, there is potentially going to be a very big price tag—as high as \$200 million—to implement this legislation when it's fully in place. Those are cost pressures that colleges have absolutely no way of absorbing, so as this issue moves forward, we will need a very clear commitment from Queen's Park that the province will fund all of the costs associated with this legislation, because there simply isn't any other way to fund it.

In closing, let me just say that our colleges are very proud of the achievements we've made in recent years and the way we've helped governments support and advance the economy through education. We've used the additional resources we've had in the past few years to provide new opportunities, develop new programs and

respond to the economy's needs. We don't think that now is the time to abandon those gains and take us back.

We're asking the committee to support the education and training of the province's workforce and to work with us to ensure that everybody has the opportunity to fulfil their potential and to fill the labour market shortages that we know are coming not that many years down the road.

Again, to reiterate, this doesn't require new funding in a tough year; it only requires the government to allocate the funds that are already earmarked for post-secondary education, as they have in the past, so as to ensure that the college sector is not asked to bear a disproportionate share of the burden of these difficult times. Only in that way, we think, will our economy come out of this difficult period strong and with a workforce able, willing and trained for the skills shortages that are coming.

Thank you for your time. We'd be pleased to answer any questions.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning will go to the NDP. Mr. Prue.

**Mr. Michael Prue:** A couple of questions. You talked about how the fiscal situation at most colleges is at a critical point and went on to say, "More than half of Ontario's colleges will be running a deficit in 2009 as reserve funds run out." How much were the reserve funds? How much have you used?

**Ms. Linda Franklin:** It depends, college to college. I don't have the individual college numbers in front of me. A very small number of colleges have had healthy reserves, and many of them have been running their reserves out for several years now, so that's how we've ended up in this situation. Whatever they were, most of the colleges today would have reserves of zero.

0920

**Mr. Michael Prue:** So the ministry obviously has not, over the last number of years, provided adequate funds, if the colleges have been forced to go to their reserves. I think that statement is probably true. Would you agree?

**Ms. Linda Franklin:** Well, I think part of the trouble is historic. We were in such a big hole in the early 1990s that—there has been a huge investment in the system, as you know, over the past four years. Of \$6.2 billion, about \$300 million or so has come to colleges. So it's been a big investment, but we started out in a very difficult place. In addition to that, last year there were no operating funds forwarded to the system. Between that historic place, where we were, with staff salary settlements and other cost pressures we've managed to worsen the situation a little bit over the past year.

**Mr. Michael Prue:** Who was it in the ministry who gave you the information that the funding that is supposed to go to colleges will be redirected towards graduate programs in universities?

**Ms. Linda Franklin:** The folks in the college finance branch.

**Mr. Bill Summers:** In the finance unit of the post-secondary division.



**Mr. Michael Prue:** So they gave you a heads-up that starting in March, I guess, that's the plan?

**Ms. Linda Franklin:** We're not sure they gave us a heads-up so much as stated something that had been in ministry projections for some time but which nobody had thought to inform the college system of. I think they were surprised that we were surprised.

**Mr. Michael Prue:** All right. Wow. But the government obviously is planning to put the resources into graduate programs. It appears logical to me. What you're saying is that this is not good economics?

**Ms. Linda Franklin:** No. I think what we're saying is that there absolutely needs to be money dedicated to graduate programs. We do need more graduate education, no question.

**Mr. Michael Prue:** But if the money is finite?

**Ms. Linda Franklin:** Well, the money is finite, but it isn't all in that Reaching Higher pot. That one pot we're talking about is simply the operating dollars that have been scheduled for many years to come to colleges and universities. There's \$800 million in transfers from the federal government that we think would easily make up the difference, even if we split the difference a little bit. We think there is a way forward. We think that perhaps one of the messages to the universities also has to be, "If we're going to pour a lot of money into graduate education, then you folks need to tighten your belt in other places as well." Over the last four years, because of this two-thirds/one-third funding formula, universities have received a great deal more additional funding than colleges. Again, they are in difficult straits as well; everybody is, I think, in this economy. But we think we have to share the burden a little bit more equally.

**Mr. Michael Prue:** University students come here quite often to complain about the costs of education and the debt that many of them end up with at the end of four years of study. What are the costs—I know that courses and colleges will differ, but what do average costs for programs run?

**Ms. Linda Franklin:** College? Much less. About \$2,000 is the average tuition cost. We are third-lowest in Canada in tuition fees in the college system. In these difficult economic times, we've thought a lot about opportunities around tuition, but frankly, for the college system, the most important goal we have is access for students. For us, getting those students through the door and making sure they don't feel burdened is critically important. Many times, even though our tuition rates are so low, when we ask students who have applied to college and have been granted a space but haven't come, "Why didn't you come?" it's mostly financial.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Tim Hudak:** Chair, before the next presentation—thank you very much, Ms. Franklin, for the excellent presentation on behalf of Colleges Ontario. Ms. Franklin's presentation brought up some important points that I'd like research to look into as we do with this committee. I'll give a written copy of this, but I want to read it into the record.

Is it the Minister of Finance's intention to maintain a 30% designation of the Reaching Higher funding for the colleges sector for 2009-10, as has been the tradition? If they're planning on changing the ratio, what is the planned change?

Secondly, is it the Ministry of Finance's intention to fully allocate the federal funding of approximately \$300 million plus growth funding for post-secondary education to the post-secondary sector and then implement the Reaching Higher plan in 2009-10, as promised?

Lastly, she brought up a very important point about the recent act that was passed in the Legislature, with respect to collective bargaining of the part-time staff. I'd ask if research could also ask if the Ministry of Finance has calculated the increased cost to colleges from the Colleges Collective Bargaining Act? Thank you, Chair.

**The Chair (Mr. Pat Hoy):** If you'd provide that in writing for the researcher it would be very helpful.

#### CANADIAN CHEMICAL PRODUCERS' ASSOCIATION

**The Chair (Mr. Pat Hoy):** I understand that the Canadian Chemical Producers' Association is ready to give their submission, if they'd come forward. Thank you for being prompt this morning and being able to fill a vacancy in the work we're doing here; the committee appreciates it very much. You have 10 minutes for your presentation. If you'd identify yourself for Hansard, we can begin.

**Mr. David Podrutzny:** Dave Podrutzny, vice-president of business and economics, Canadian Chemical Producers' Association.

**Ms. Fiona Cook:** Fiona Cook, director of business and economics.

**Mr. David Podrutzny:** I believe you have our submission with you now, and also a synopsis of our competitiveness score card, a full version of our score card on competitiveness analysis and also a supporting text that identifies issues and offers joint-managed solutions.

Ontario's chemical sector is a keystone sector, providing high-value input into virtually all components of the Ontario economy and nearby regions. From necessary products to process and finish the production of paper and forest products, or extraction of minerals on the resources side, right through to plastics used in auto parts, food packaging and medical devices, chemicals are an integral part of our economy. Whether it's CD disks and their containers, computers, phone consoles, pens or toothpaste, chemistry is directly involved. Fifteen per cent of a car is chemicals, 15% of a house is chemicals, and 15% of your shopping cart is chemicals.

The chemicals sector provides solutions as societal demands change. One of our members extracts sulphur from the oil sands; instead of sulphur dioxide going into the air, they produce a key fertilizer ingredient. Another company takes the barrels of fat and grease from out back of fast food outlets and converts that material into



cosmetics. It sounds a little gruesome, but that's recycling.

Our industry takes a small portion of energy products and converts that into value-added products, adding 10 times to the value of the energy and providing an alternative to only burning that energy. Chemistry is part of sustainable solutions.

With the highest level of university graduates of any manufacturing sector, the chemical sector is at work, through our responsible care ethic, seeking sustainability solutions for society. Our members have recently resolved to raise the bar in reducing our net footprint while providing good careers for Ontarians, finding ways to help other sectors to lower energy consumption, whether it's through light-weighting of auto parts, insulating homes or lubricating to reduce friction. Our life cycle products produce solutions that represent net absolute energy reductions.

But—and there had to be a “but” or we probably wouldn't be here—we need more investment in the sector. You heard that earlier from others. If we're going to ensure continued productivity, if we're going to enhance our competitiveness, particularly with emerging economies where standards might not be as high as they are here in Ontario, we need to have new investments to bring the latest technologies that improve ever more our environmental performance and energy efficiency. Attracting new commercialization of the latest technologies—and I want to emphasize commercialization—must be job one for this government.

Manufacturing is a cornerstone of adding wealth to Ontario's rich resource endowment. Our economy depends on the underpinning of a solid and growing manufacturing sector. Providing the competitiveness fundamentals for a thriving industry is the job of government. Now, more than ever, we need to collectively focus on that job.

Our very best innovators, some of those technicians and scientists that you were hearing about earlier, are going to gravitate to where their talents are realized. That's where commercialization is an integral part of that innovation-to-application continuum.

Manufacturing is one of three ways in which an economy creates wealth. You can grow it, like we do in our agriculture sector; you can extract it, as we do in our minerals and forestry sectors; or you can value-add manufacture it. Everything else in an economy is moving wealth around. So we need to pay attention to manufacturing. It's a critical component of a balanced and growing economy. We can't take it for granted. We need to make certain that new replacement investments are taking place: that's to replace what needs to be replaced. There's going to be closure of older facilities of dated technologies, but we want to replace and not move.

0930

The key emerging economies of the world are growing for many reasons. For Ontario, there's one essential reason why our economy today is not growing, and that's because our manufacturing sector is not growing. We

need to find the formula to grow manufacturing that will pay dividends across the entire economy. We're the biggest buyer of services.

Our goal today is to convince this government to undertake the measures necessary to win new investments. We need to convince our federal government to extend and ideally leave in place an accelerated capital cost allowance for investment in new machinery and equipment that will bring Ontario back to the front of the pack; then Ontario would need to match that. In yesterday's federal government speech from the throne there was some language supporting our overall efforts in that direction. We appreciated seeing that and our press release yesterday supported that. Working alone, Ontario could introduce an investment tax credit, but frankly, the accelerated capital cost allowance approach would be better. It only defers when taxes are collected: it's revenue-neutral over the life of an investment.

A second thing is to eliminate retail sales tax on manufacturing inputs, like site infrastructure for new investments. Tax the outputs of our work, not our inputs, which risks moving our project to another location, like China.

A smart re-industrialization strategy, policy support for resource upgrading and value-added manufacturing, supporting the building of infrastructure that facilitates getting our products to global markets, and the elimination of regulatory duplication and delays—not reduction but the elimination of regulatory duplication and delays: That's what it's going to take to get Ontario back to work in manufacturing. Ontario needs to focus on developing and reviving a thriving and competitive value-added sector. Frankly, “have-not” is not an option.

I'd like to thank you, and I'll be pleased to take any questions.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation. This round of questioning goes to the government. Mr. Arthurs.

**Mr. Wayne Arthurs:** Is “David” good, as opposed to getting too formal? Okay.

I'm going to focus on one area. In your last set of comments, you cited the elimination of regulatory duplication and delays, not just reducing them but eliminating them entirely. One that strikes me as being of particular interest is the matter of environmental assessments. I see the federal processes for environmental assessments and the provincial processes for environmental assessments to a large extent to be duplication. There may be—I'm not an expert in the area—elements of each that the other doesn't fully cover. At the same time, it would appear, from a regulatory standpoint, from a public process standpoint, from a consultative process, from the consulting and expertise required, that often businesses that require environmental assessment processes are burdened not only with a single process, which is burdensome enough on many occasions, but burdened beyond that with what appears in many instances to be a clear duplication of process at the two levels of government. I'm wondering if you would take a couple of minutes to talk

about that from your experiences or your organizational take: the matter of environmental assessment and the element of duplication and/or the overburdensomeness of this in attempting to move industry along?

**Mr. David Podruzny:** I'm probably not the regulatory specialist in our organization, but I believe there is a clear opportunity for the two levels of government—at least the two levels of government.

There's an institutional agreement to harmonize and work together and have a single environmental assessment review. What happens is that individual ministries each have a very unique portion of what they see as unable to be covered in the umbrella. We need to push past that. Our companies have had to push past certain kinds of competitiveness realities. We think that in the business of public service, we're going to have to push past. The two levels of government, at the institutional level, are going to have to work together and agree to do one review rather than two. I appreciate that each department has something unique and something that they bring to the table that's different. That's okay, but just do it once. Don't do it twice.

There's another side to this, and that is, when we introduce something to net reduce our footprint, we have to go through regulatory process, certificates of approval and whatnot in this province that can run up to two years. That prevents us from introducing something that net reduces our environmental impact. We don't have permission to do that. So when I talk about eliminating, where we introduce something to net reduce, why don't we just go ahead and do it? Why are we going through a process where somebody re-engineers, where someone looks at our process again and says, "Well, you could tinker with it here and there"? Let's just get on with it.

Our regulatory process in Ontario has been identified as more onerous than the same process in certain states and regions of Germany. We're not in any way going to compromise our health/safety/environmental standards, but in this particular case, it comes down to officials being instructed to work together. We know that you believe this is the right thing to do, to work together. It has to be made to work at the ground level, where we—I mean, we don't deal with you on that environmental assessment project; we deal with officials. They need to be instructed to make it work so there's one process.

**The Chair (Mr. Pat Hoy):** Your time has expired. Thank you for your presentation before the committee.

**Mr. David Podruzny:** Thank you.

#### CATHY DANDY

**The Chair (Mr. Pat Hoy):** Now I call on the Toronto District School Board to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would ask you to identify yourself for the purposes of our recording Hansard.

**Ms. Cathy Dandy:** I'm happy to. Good morning. My name is Cathy Dandy. I'm a trustee with the Toronto

District School Board. I represent Ward 15, Toronto-Danforth. I want to start by saying it's my son's birthday today.

**Mr. Tim Hudak:** Happy birthday to him. How old is he?

**Ms. Cathy Dandy:** He's turning 19. I got involved in education activism when he was five and I have appeared before the standing committee numerous times. It's a great day for him, but it's kind of a sad day that I'm still doing this.

I have spent the last 14 years as an activist. I started with People for Education. I then represented, as the spokesperson and coordinator, the Toronto Parent Network. We became famous, or infamous, for our health and safety reports, and really put the condition of schools on the map in Ontario.

I have three children. I have Daniel, who's 19, a daughter who is 14, and another daughter who is 11. Through being their mother and being an activist, I also went to OISE and now, as a school trustee, I've really become very familiar with the basics around education: curriculum, funding and governance. Now, as a trustee, I see things from the insider perspective.

In my day job, I work in children's mental health. I work for a very large children's mental health agency, and it has been very interesting, working the past two and a half years there.

I've handed you something today which is about integrated service delivery and I'm just going to speak to that. The first page is really so that you guys don't have to go off and do a whole bunch of independent homework, but there is a significant amount of work being done in the western world on integrating services for children and youth.

The reason I'm talking about this in the context of education is that you may have seen the most recent report, the Review of the Roots of Youth Violence, which came out just this week or last week. Before that, it was A Road to Health, by Julian Falconer and his panel. Before that, we can go back pretty well 40 years; I don't know if any of you remember the Hall-Dennis report of 1968. Over and over again, we have had reports from partisan places: from institutions like OISE; from the Conservative government with the Rozanski report; we have Full Service Schools.

#### 0940

For 40 years, we've heard from independent and partisan sources that we need to coordinate our services for children and youth. Has that happened in Ontario? Not even a little. Now, we are facing a tidal wave of need. I realize we're facing an economic downturn, but what is of far more significance is that we're facing a tidal wave of child and youth need. Children are presenting at the door of schools and mental health agencies with increasingly complex needs. It is reaching crisis proportions.

On top of that, we have the great gift of incredible research that has been done over the last while so that we know much more about autism. We are increasingly gaining in knowledge around fetal alcohol spectrum dis-



order, which is the next wave of difficulties that we'll have to face.

We are not equipped to deal with this. Over the last few years, under the Liberal government, we have seen more money flow back into education, but it has always been targeted to campaign promises.

The reason I'm here today talking about this is because the budget is a political exercise, and really at this point, I think we have to move off from it being a political exercise. Three quarters of the money that has been invested in public education over the last five or six years has been targeted to class caps, teachers' salaries and capital repair, all things that are legitimate, but nothing or little has gone into youth counsellors, guidance, all the supports that our students need in the schools.

Children's mental health has received one cost-of-living increase in the last 13 years. That means 20% of our kids—that's 50,000 kids—in the Toronto District School Board have a mental illness, and one sixth of them are getting help, if they can find it. It doesn't necessarily have to be delivered by education. If we had coordinated policy and coordinated funding from the most senior levels of government, we would be able to do a much better job.

I'll give you an example. I think every single children's mental health agency that I'm aware of rents corporate space. They should be embedded in our schools. They could be renting our school space. That money could then be plowed into our systems. It could be plowed into mental health, and it could be plowed into education to serve these kids.

In the Toronto District School Board, we have psych and social work staff, but we have one social worker for 10,000 students. I ask you, what could you possibly think that social worker could do for those students? Pretty much just damage control—shuttling them; hopefully somehow catching the most marginalized, the most deeply distressed, the ones on the verge of suicide, the ones that have oppositional defiant disorder. We're all about bullying, but we're doing nothing to treat the mental illness that triggers much of this activity.

We have to invest in children and youth now, and we have to decide that this is going to pay dividends big time.

Most of the kids in the youth justice system are either special-needs kids or have a mental illness or autism or FASD. They do not need to be there. They could have been caught at the front end. We could be doing massive amounts of prevention in our schools, as hubs. We could be doing so much better.

So a lot of the stuff in here is talking about how that happens. The project that's attached to that front page is something that I am working on in the Toronto District School Board. We are trying to begin to show how to change systems. There are lots of places in Ontario where they are doing good work, working together in a collaborative model, but the government gets in the way of that happening, because policies at the most senior

level determine outcomes that are sometimes in conflict with each other and funding is working at cross purposes.

We have to have a coordinated strategy, and this has been called for for decades. We need this government to invest in children and youth with a coordinated strategy, starting at the cabinet level, starting with our ministries coming together. There's talk about partnerships, but that's not what we're talking about.

If you go through these references, you will see that Ontario is so far behind, compared to other jurisdictions: in the United Kingdom; there's lots of amazing stuff happening in the United States; Saskatchewan, for goodness' sake, is way ahead of us. They have established a coordinated cabinet-level policy-making and funding-driven initiative around children and youth.

In closing, I want to say that this budget is an opportunity to not just deliver on promises, but a bigger promise, a promise to children and youth, where we coordinate policy and we drive funding in a way that is effective and efficient. This would save government, if we were to do it effectively. So I'm hoping that in this budget we will see a coordinated children and youth strategy—not more pilots, not more stopgaps, where you're going to deposit 10 more youth counsellors here or whatever there—where funding flows from the top in a way that really helps people on the ground, that helps mental health, helps education, helps children's nutrition, helps children's recreation. We do not want piecemeal solutions. We need a big solution and we need it now, because we are facing a crisis.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

This round of questioning goes to the official opposition. Mr. Hudak.

**Mr. Tim Hudak:** Thank you very much for the very passionate presentation.

As you noted earlier in your remarks, the government boasts that its funding for education has increased. When the minister is asked these questions in the Legislature, she says the Toronto District School Board in particular has received increased funding. You have concerns that that funding has been allocated to specific areas and not in areas that you see as the priorities. Where has most of that money to the TDSB gone so far, then?

**Ms. Cathy Dandy:** A significant amount of the money flows to the class caps, teachers' salaries—we have to keep them competitive; I'm not complaining about that. But three quarters of the billions of the dollars that they say they've put in has gone to those three initiatives: class caps, teachers' salaries and capital repairs, kind of in that order. We have received small pockets of funding for other initiatives, but they're usually framed. Most of the funding by government has now turned into the same kind of funding—like the Trillium Foundation and Laidlaw Foundation grants. They're grants to specific projects.

Foundational funding is not being boosted, certainly not for some critical resources.

Back in the days when the Conservatives were in power, we lost 80% of our guidance counsellors at the



middle school level. That has had a profound impact on our students and their ability to get help—not that guidance counsellors were always doing counselling, but they sometimes served that role. They were cut, and they've never been replaced. So kids at that level and up are floundering.

**Mr. Tim Hudak:** An area of concern that you addressed and I've experienced—I'm sure my colleagues have seen this in their office too—is an increasing number of parents are very concerned about getting special-needs programming funding for their children. Some parents are very strong advocates and they'll fight and they'll fight and they'll push and they'll push—I'm sure you get lots of calls, as a trustee—and they'll be successful; other parents won't have that or will fail to find the services for their daughter or for their son. Is this a matter of inadequate funding? Is there a lot of red tape around getting the services that special-needs kids require?

**Ms. Cathy Dandy:** Part of it is related to the way that we are allowed to assess and then put in for funding—who is defined as special-needs—and also whether or not we have the staff to go through the psycho-educational assessments. We really have quite a significant waiting list to assess students. There are a lot of kids who probably do need extra supports—maybe not even a full-blown IPRC—but the ability to assess them, the ability to serve them once they're assessed properly, is tied to some pretty tight regulations around special needs.

**Mr. Tim Hudak:** Just in the interests of time, I have two questions I want to pursue.

As you mentioned in your comments, the budget is going to be tight in the years ahead, given the state of the economy. If you could make one recommendation to help break that logjam for special-needs funding, what area would help do that?

Secondly, you mentioned autism and fetal alcohol syndrome babies as an area of emerging need. What particular programs would help those children?

**Ms. Cathy Dandy:** Children's mental health agencies and specialists are the ones that are best equipped to answer that question.

What I do know is that if the Ministry of Health and Long-Term Care, the Ministry of Health Promotion, the Ministry of Children and Youth Services, and the Ministry of Education were to coordinate their policies and then require that all the institutions serving their mandates were to be coordinated in their efforts—we have a so-called excess space issue in our schools because of the declining enrolment. That's not excess space; that's public space where we could put services for these kids, where we could embed them in the school system. If I could ask for one thing, I would ask that those four ministries coordinate their children and youth policies and then coordinate their funding and drive it down to the local level. It's one-stop shopping. There's a hub. We've talked about it for years.

There's ample documentation that that's how children and youth are served best. The United States is way out in front on this. If we want to serve those special-needs kids and serve—there's a whole range of kids that don't

get captured up in special needs who need support. My son—my basement is full of those kids, 18-, 19-year-old kids who have fallen off the rails. They're not special-needs but they needed particular supports. The curriculum is punishing and we need supports. If we were embedding those in schools as hubs, we would go a long way to getting somewhere.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

We are recessed until 2:30.

*The committee recessed from 0951 to 1432.*

## PEOPLE FOR EDUCATION

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. Our first presentation of the afternoon will be from the People for Education. Good afternoon.

**Ms. Annie Kidder:** Good afternoon.

**The Chair (Mr. Pat Hoy):** I think you know how this proceeds, but I'm compelled to tell you that you have 10 minutes for your presentation, and five minutes of questions could follow that. I would just ask you to identify yourself for our Hansard.

**Ms. Annie Kidder:** Yes. My name is Annie Kidder and I am the executive director of People for Education, which is an Ontario parent-led education organization that has been working since 1996 to ensure we have strong public education in our English, French and Catholic schools.

I'm very pleased to be here today. Thank you very much. It seems like a perfect time to be here and talk about money and talk about education; there's a kind of synchronicity. I was listening to Don Drummond on the radio this morning talking about how important it is that we understand that poverty is an issue that affects all of us and that we understand the cost of poverty. Last week, the government released its report on the roots of youth violence—the McMurtry-Curling report—which also talked about the costs of not doing anything and the interconnectedness of the policy that we have—or perhaps lack of interconnectedness in some cases—that affects all children, youth and families. Soon, I would hope, the government will be coming out with its poverty reduction strategy, which also is linked to many issues in education.

In the education system itself, which is doing much better thanks to increases in funding that have happened over the last few years, there are two big issues facing us. One's facing all of us and one's facing the education system in particular. Obviously we're having an economic crisis, which certainly affects all of us and affects the education system, and we also have declining enrolment. Enrolments have been declining for a number of years, but it's had an enormous effect on the education system because most of the funding for education is based on numbers of students.

We think that we're at a crossroads in our province—maybe even in our country—in terms of what kind of province do we want to live in, what do we want it to

look like, and what kind of sense do we have of our social responsibility and our responsibility to ensure that we live in a place that's fair. We're concerned that now might be a time that governments might be thinking, "Maybe we could cut some money from the education system," and we're here basically to say, "Now is not the time to cut funding from education. Now is the time, actually, to spend money on education."

It's because of all the things that have come out in the last few months, and the report that is to come soon, which is that there is no better investment. I just want to quote from the Curling-McMurtry report. One of the things they said was: "Education is universally seen as one of the best ways out of poverty and as a sound investment in the future of individuals, families and communities, and thus in the social fabric of our society."

What we are saying is that it's actually time to use this as an opportunity—the economic crisis and the declining enrolment—to rethink how we fund our schools and to ensure that we are providing enough support to schools to do some of the things that were pointed out in the Curling-McMurtry report. Probably overall, the biggest thing they talked about was the lack of coordination of services, of common goals, of outcomes, of how we measure progress, and because of that lack of coordination, there are many, many young people falling through the cracks. It also argues that schools are one of the prime places where we could be doing that kind of co-ordination of services and that schools could act as hubs for many different kinds of programs and services that provide support to families, children and young people.

Basically, I've given you all our annual report on schools that came out last spring, which shows where there are areas that we could use increased funding, that shows the overall health of the education system. But I think mostly I'm here because I know that the government is going to be struggling with their economic state, as are we all, and that this is not the time—we've already seen a very large reduction in funding that was already budgeted for this year and promised to boards for school renewal. What I'm hoping is that we won't see any more reductions in the coming budget and that, rather than reductions, we now should be looking at all of these reports and ensuring that we provide funding and policy that will allow us to coordinate our services and have a more holistic vision for how we approach all of the different areas that affect children, families and youth.

**The Chair (Mr. Pat Hoy):** This round of questioning will go to the NDP. Mr. Prue.

**Mr. Michael Prue:** Ms. Kidder, thank you very much, not only for today but for the many years that I have been watching what you've been doing. It's been a slice.

**Ms. Annie Kidder:** It has been a lot of years.

**Mr. Michael Prue:** Yes, it has. Not too many in your case; a lot in mine.

I've had a chance to leaf through this report while listening to you. One of the difficulties that I think this government has—and I'm an opposition member—is that the costs keep rising and the enrolment in many boards keeps going down.

I'm noting, in the booklet you've put on our desk here, that on page 6 you write: "Since 2002, overall enrolment in Ontario elementary and secondary schools has declined by nearly 90,000 students." You seek more money and we all probably, at least most members of the House, would agree that schools need more money. What should we be doing with the excess capacity in the schools? Neighbourhoods don't want them closed down. They don't.

**Ms. Annie Kidder:** Right now there are 77 schools on lists slated to close over the next couple of years and there are 300 schools under review over the course of this year. We acknowledge that some of those schools are going to have to close. I think it would be really unrealistic to say that we shouldn't close any schools. But we're also concerned that there's a very, "Over here we do municipal planning and over here we talk about school boards," and they don't talk to each other, and when we look at the reports that have come out, we go, "There is the capacity in schools to provide other things besides education." I even know of a school that has a parole office in it. That's my favourite combination of services in schools.

I think we need to be looking at schools and we need to think differently, in terms of having integrated planning for neighbourhoods, for communities, for towns, for cities so that we're not stuck in a situation where we look at schools with one hand and we look at municipal services with the other one and we don't actually coordinate those.

1440

I also want to get to the issue of—obviously it's a problem to say, "Yes, there are way fewer students and, yes, we want more money." But I think we have to remember the cuts that were made—there were many, many cuts made a long time ago—and also that schools struggle. I think we expect of schools that they provide a lot of resources, support for families, and that they provide a lot more than they used to. I'm not even sure that what we're saying is, "You've got to spend way more money on education." But there may be cases where there isn't money being spent in other areas, that education is having to take up the slack, that we look to our schools more and more to provide social workers, to provide all kinds of other help in terms of community and social services. So either we have to decide to fund those things in schools or we have to ensure that it's possible, by funding them in other places, that we can coordinate those kinds of services within our schools, which we're not able to do right now.

**Mr. Michael Prue:** Do we have time?

**The Chair (Mr. Pat Hoy):** Yes.

**Mr. Michael Prue:** Cathy Dandy was here this morning. She's from my neighbourhood. She's in the next riding over but I've known her for many years. She was talking about the use of schools and things that could be done as community centres, to have opportunities for children, to have guidance counsellors and social workers and other things in the empty classrooms. She was talking about the use of daycare facilities. I think she



even mentioned health at one point. You talked about parole. Is that what we should be trying to do with the unused space? Should we be turning it into community space? Should we be putting the funding that traditionally has gone into classroom teaching into other aspects of education—everything from guidance to parole officers to social workers? Is that what we should be doing? We've got a lot less students. I'm trying to preserve all this, but I'm trying to think. There are arguments like, "Just shut them down," which I think is not the right answer.

**Ms. Annie Kidder:** But I think it's also important that we not decide it's one or the other. It is true that in some cases schools can close. I really think it would be short-sighted to say that no schools should close. I also think we have to make sure that we actually have the policy in place in order to be able to integrate those things. So we have to be able to think first. One of the recommendations in the McMurtry report, in practically every other report that's come forward over the last 10 years, is that there needs to be a cabinet-level committee that takes care of coordinated services for families and children and youth, and when you have that kind of coordination at the top, then it's easier to coordinate things. You could have public libraries in schools; you could have community centres in schools; you could certainly have public health.

Other provinces are quite far ahead of us on this. In Saskatchewan they have something called SchoolPlus, where there are teams in schools that deal with the students and families in the school, but they're not all funded by education and they're not all part of the education system directly.

*Cellphone ringing.*

**Ms. Annie Kidder:** You should remind people to turn off their cellphones before they come into this.

So, yes, we need to be looking at our school buildings that way, but more, before that, we need to be looking at what our overall coordinated strategy is and the inter-connection between all of those things. I worry that we just look at money and we're not making long-term plans in that way.

**Mr. Michael Prue:** So without getting into money, and this is the finance committee—

**The Chair (Mr. Pat Hoy):** Thank you.

**Mr. Michael Prue:** Oh, that's me. I'm done. Sorry.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Ms. Annie Kidder:** Thank you. Sorry about my phone.

**The Chair (Mr. Pat Hoy):** That gives me the opportunity to remind anyone else who has a phone or a BlackBerry to kindly turn them off or down.

#### CANADIAN YOUTH BUSINESS FOUNDATION

**The Chair (Mr. Pat Hoy):** Now I call on the Canadian Youth Business Foundation to come forward, please. Good afternoon. You have 10 minutes for your

presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard.

**Ms. Vivian Prokop:** My name is Vivian Prokop, and I'm the CEO of the Canadian Youth Business Foundation.

**Mr. Axel Arvizu:** My name is Axel Arvizu, current entrepreneur and co-owner of La Tortilleria.

**Mr. Tim Turnbull:** I'm Tim Turnbull. I'm vice-president, development, for Canadian Youth Business Foundation.

**Ms. Vivian Prokop:** First let me tell you about what CYBF is. The Canadian Youth Business Foundation is a national charity that was founded in 1996. It's based in Toronto and it was built on a model in the UK that was started by Prince Charles, called the Prince's Trust. It belongs to a network of 38 countries. We've just returned for the fourth year in a row that we've been named the number one program in the world.

Our mission is to help young people with a brilliant business idea who can't start their business in any commercial means to start their business. We help them get started and we help them succeed and sustain that business. We offer three main services: pre-launch coaching for their business plan, a repayable seed financing fund and volunteer mentoring. Our organization today has over 2,300 active mentors in the country and they are made up of loan review committee members and volunteer mentors. The young entrepreneurs are mentored for a minimum of two years after they start their business and typically that will be four hours a month, so it's quite in-depth.

Our young entrepreneurs bring the idea, the drive and the determination; we give them the skills, the money and the wisdom to start the business. It's worked across the province and across the country. Nationally, over the past 12 years we've helped 2,800 young entrepreneurs start their businesses. They have, in turn, created 14,000 jobs across Canada, and over the past five years over 93% of them have repaid these funds—a testament to their character, since we don't take collateral. If not for this organization, these young entrepreneurs would not have had the chance to start their business. Particularly, CYBF in Ontario has received funding in the past from the Ontario government. We really want to thank you for that and we want to tell you about our delivery.

In the past two and a half years, we've started nearly 250 businesses in Ontario which will create 1,200 jobs in the next three to five years. That's five new jobs per business. We actually do survey work with the federal government, who are also part-funders of CYBF, and year over year we are finding, though that survey work, that there are five new jobs started within three to five years.

We received \$1.723 million in March 2006, and we had a second contribution in March 2007 of \$2.2 million, and I want to tell you what we did with that money. We added field staff. We opened offices beyond just Toronto—we opened offices both in North Bay and in London—so that there was more coverage throughout the



province. We also started a pilot program in Ontario, which we hope to roll out eventually nationally, called An Entrepreneur in Residence, a fantastic idea which is working very well. This is a seasoned entrepreneur who has actually run four businesses, came to us and is offering business support and advice to young entrepreneurs as they're helping write their business plan.

We work in close co-operation with the entrepreneurship branch of small business and we work through existing infrastructure; that's what's really unique about CYBF's model. We actually work with like-minded organizations across the country and in Ontario. Pre having the Ontario funding, we had 25 locations; we had a 100% increase, with 50 locations now.

Our financial impact from the previous funding: The 248 businesses created \$44 million in sales and \$12.6 million in government revenues. Our current funding runs out in October 2009. Our projected results from that funding, once it runs out in 2009, will be business start-ups of 380, sales of \$49 million and government revenues of \$20 million.

We are currently targeting to start 130 to 150 businesses in Ontario in this fiscal year, which started in October. We know it's going to be a challenging time for young entrepreneurs. There's going to be tighter credit, there's going to be reduced consumer spending, but a recent study from CIBC World Markets predicts small businesses will be the real driver for recovery from the current economic slump, and we agree with them.

We understand that your current government priorities have been focused on a five-point plan: investing in skills and knowledge, investment in infrastructure, enhancing competitiveness, strengthening innovation, and forming key partnerships to strengthen industries.

Minister Duncan commented that while the government is projecting a deficit now, it will stick to successful strategies. CYBF advances these priorities by building the economy, creating jobs, developing the next generation of business leaders and supporting innovation, all for a very cost-effective investment.

As our current funding is running out in September 2009, we are coming back right now to the Ontario government for a new funding request of \$5.1 million, which will take us through to March 2012, so that we can maintain this momentum. Now that our network is built and we've got coverage right across the province, we need the money to support the young entrepreneurs who are coming to us for business start-ups.

There are two bonuses for Ontario taxpayers with the way we run this program. Number one is that we run on public-private partnership; we do not just rely on governmental monies. We get funding from the federal government, corporations and entrepreneurs. If you add that money into the projections, what this proposal of \$5.1 million will bring to the province in three years is 460 businesses and 2,300 new jobs.

1450

We will also be increasing our outreach to newcomer and immigrant communities. We are starting a program

called business cultural mentoring which will be for young entrepreneurs who come to this province from outside of Canada to introduce them to the rules and the etiquette of Canadian business.

We also run a recycled philanthropy model. The loan fund is repayable. Over 90% of it is being paid back, as a matter of fact. In our audited results for last year, 94.19% of it was paid back, which is quite phenomenal if you consider these are young people who do not qualify for any help at all at a bank. Our results over the 10 years: The original \$5.1-million grant does become therefore, because of the recycling of the money, \$6.4 million in advances—we do reuse that money. It also benefits governments. For every \$1 advanced for start-up funding, they create an estimated \$2.60 in government taxes: PST, GST, personal and payroll. That's putting government money to good use over and over again.

I also wanted to quickly mention that the BDC has joined hands with us. They actually came in and looked at our program and they realized that we had a better payback rate than they did by taking collateral for their loans. So what they have done now is actually used our adjudication model and for every young entrepreneur who gets the maximum \$15,000 from us, they will match that funding without re-adjudicating, which, as you can imagine, is a phenomenal asset to the young entrepreneurs.

I could go on about the big picture, but what I have done instead is actually brought one of the young entrepreneurs who has received funding from the previous monies that Ontario has brought us. It's a great story. I'd like to introduce you to Axel Arvizu. He is 25 years old. He came to Canada from Mexico when he was 14—at that time he couldn't speak English but he's a fast learner—he went to Ryerson University and worked briefly for a bank, but he was far too entrepreneurial for that; he always wanted to start a business. He did this year, in May, and he's going to give you his story of how CYBF and the government of Ontario helped him.

**Mr. Axel Arvizu:** As Vivian was saying, I immigrated to Canada 11 years ago. I was 14 at the time; currently I'm 25 years old. I went to Ryerson University for business administration. I got together with a very good friend of mine because we wanted to create something new. We wanted to bring to Canada something that they did not have, and that's how our dream to open La Tortilleria, which is Canada's first manufacturer and distributor of pressed tortillas, came about. We knew from the beginning we had a great idea. We went knocking on doors, we reached almost every bank and unfortunately we were declined every single time.

It was through our community relations and involvement that we heard about CYBF. We approached them and they were great from the beginning. They offered us start-up business financing but most importantly they gave us an opportunity, they gave our business an opportunity. They coached us every step of the way; they helped us put our ideas together and formulate a strategy that would work for us.

We finally launched La Tortilleria, the first Tortilleria, in May 2008. We are now about to open a third location on December 1 and have created 16 manufacturing and service jobs in the province of Ontario. We have plans of hiring three more employees on December 1. We supply tortillas to 25—27 as of yesterday—restaurants in the GTA, including restaurants such as Far Niente and famous chef Jamie Kennedy's restaurants. We also have plans to expand our operations to other cities and outside the province of Ontario. We are very happy for our success and I do want to take the opportunity to thank the Canadian Youth Business Foundation and the province of Ontario for what they've done for us; we could not have done it without you. It was our dream to bring a little bit of Mexico to Torontonians, and they helped us make that come true.

**Ms. Vivian Prokop:** We've built an engine; we're asking now for the Ontario government to help us fund it. We have many more of these stories—I'd love to be able to share them with you—and we do actually send out some letters to the various MPPs. CYBF is an unusual organization; it's a charity with an ROI. We do have deliverable, measurable, tangible results which we're very proud of. We believe that leadership out of any recession will be small business. It is the engine that drives our economy, and CYBF delivers the solution. Thank you very much for your time.

**The Chair (Mr. Pat Hoy):** Thank you all for your presentation. This round of questioning goes to the government.

**Mr. Charles Sousa:** Thank you for doing the things you do. I'm quite impressed at the success I'm reading here. Certainly as government it's a concern for us to facilitate new ventures and also, in partnership, trying to stimulate economic activity, and the role you play is pivotal. We have venture capital initiatives. We, as part of a small business group, have outlined something called Open for Business, trying to facilitate new companies and trying to determine ways we can lessen the burden on business.

I'm interested in a couple of things. One is your adjudication process and your success at 90% return without collateral. That speaks volumes. I'd be interested in knowing what your current book is at this point and your return on investment, your ROI. I'd also like to have a sense of your public partnership with other stakeholders, who the other funders are.

**Ms. Vivian Prokop:** Shall I answer this, Tim?

**Mr. Tim Turnbull:** Yes. You start on adjudication.

**Ms. Vivian Prokop:** Adjudication: I'm an ex-banker, so let me admit that right from the beginning. What we did with CYBF: When I came to CYBF nearly six years ago, the rate of payback was only about 75%, so we have improved it by 20% in the five years. How we did that: We looked at our book of business at that time and we brought in a methodology that actually created a matrix that was a tool that helped our loan review committees across the country to be able to predict—it was a prediction tool on character. It's quite unique, a prediction on the character.

One of the things we find is that when a young entrepreneur does not pay back, typically it's sort of three things: One is a disaster that happened in their lives, and that does happen. Number two, oftentimes it's character based. So it's very important for our organization to be able to look in someone's eyes and find out, and figure out, if their character is correct for this program. I think we've been able to do that in a great balance.

Certainly our board of directors looks at the amount of our writedowns and they sometimes say to us, "Are you sure that you're taking enough risk?" But the reality is that six years ago we were only doing 60 start-ups a year nationally and this year we finished the year at 415. So we're doing higher start-ups and we're able to lower the amount. The other part of it is of course the mentoring program. We do have a world-class mentoring program. We've done global research on it. I'm confident to tell you that, and I'd love to invite you to come and take a look at it, if you'd like to.

**Mr. Charles Sousa:** Actually, I'd be very interested in doing so. Character is by far the primary one; capital and capacity to pay are certainly majors. How many applicants do you get? I guess my question is, how many are you declining?

**Ms. Vivian Prokop:** Because we work through community partners and we didn't have the right systems in place until last January, it was very difficult for us, because people were coming in and we weren't quite sure when they were being turned away. Right now we think we're saying yes to about one in five, but we need about another year or two of the data to give you good empirical data of data collection.

**Mr. Charles Sousa:** Can I ask one more question?

**The Chair (Mr. Pat Hoy):** Yes.

**Mr. Charles Sousa:** So we're asking the provincial government to continue to be a major investor in the on-going activities, which is super, and I appreciate the reasons. I'd like to know, then, who the private enterprises in investment are and their capital, and your underlying costs of capital. This has got to be expensive. These are all new ventures, and usually the cost out there is quite substantial.

**Mr. Tim Turnbull:** Basically our model—the Ontario government has been supporting us in about the range of 55% of our cost, at least in Ontario. Other funding has come from the federal government, and then in other provinces we've received funding from Quebec, Alberta and BC, and we're seeking funding for those provinces from those provinces. Other support for us has come from financial institutions like the banks. A lot of the banks have been long-time supporters. RBC and CIBC actually helped to start us in 1996, and then we also get other corporate and individual support. We don't borrow money. We're not allowed to borrow money, so the funding that comes in for us—if we are being funded, then we will hold that money, and we have it in extremely conservative things, T-bills and the like, so that then the money is going out over the course of several years to entrepreneurs. On the average, for a young



entrepreneurial business to start, the total cost to put it all together is a little over \$17,000. So it's quite a large investment, but it's a big return.

**The Chair (Mr. Pat Hoy):** Thank you. I'm advised by the clerk that this big box behind me is full of tortilla chips. We'll make sure that the committee gets some at the break. Thank you for that, and thank you for your presentation.

**Ms. Vivian Prokop:** Thank you very much.

1500

#### ONTARIO ASSOCIATION OF NON-PROFIT HOMES AND SERVICES FOR SENIORS

**The Chair (Mr. Pat Hoy):** I now call on the Ontario Association of Non-Profit Homes and Services for Seniors to come forward. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I ask you to identify yourselves for our recording Hansard.

**Ms. Donna Rubin:** My name is Donna Rubin. I'm the chief executive officer of the Ontario Association of Non-Profit Homes and Services for Seniors, commonly known as OANHSS. Our members include municipal and charitable long-term-care homes, non-profit nursing homes, seniors' housing and community service agencies. With me today is Dan Buchanan, our director of financial policy.

Our funding request this year recognizes the current economic environment and respects the constraints that it places on government. That recognition, however, is balanced with the urgent need of meeting the most basic needs of long-term-care-home residents. Our recommendation reflects a consideration of how our sector can help the government achieve its health care reform objectives, particularly those related to ALC patients and aging at home.

Our recommendations in the paper focus on the basic needs of our residents. Fundamental to the ability of the long-term-care system to meet the needs of current and future residents is an adequate supply of qualified direct care providers. This isn't a long-term target; it's an immediate need. The government has generously committed funding in this recent budget for targeted positions—PSWs and nurses—on top of the RPNs already committed. We are recommending that the government allocate funding for the remaining positions for the coming fiscal year rather than allocating these over the next three or four years. In doing so, the government would be able to provide an average of at least three hours of direct care per resident per day—these are worked hours—whether it mandates a day in the province or not.

We believe deferring fulfilment of these commitments to 2012-13, as announced by the Minister of Finance in his recent economic statement, will make the long-term-care-home sector the weak link in the province's health care continuum. We also believe it's unjust that the

burden of responding to the fiscal crisis should be disproportionately borne by our most vulnerable seniors.

Given that these positions are already included in the government's fiscal plan, the net unplanned increase, if the government chooses to accelerate implementation, is estimated at \$45.1 million over each of the next two fiscal years. We also recommend that the government continue funding programs aimed at retention and recruitment in long-term care to ensure that we have the staff to fill the new positions.

Allow me to illustrate why we so desperately need more staff in our homes, and let me use feeding as an example. Currently we have a personal support worker ratio of one staff to 13 residents. Ninety-five per cent of our residents need at least some assistance to eat their food. In a home with 100 residents, somewhere in the neighbourhood of 70 residents need encouragement to eat at mealtimes. Another 20 to 25 require dedicated assistance. This last group alone requires more than twice the PSW staff complement, never mind the 70 who need constant encouragement. To deal with the situation, some homes have an all-hands-on-deck policy, where all staff are expected to help feed at mealtimes, from administrative and maintenance personnel right through to the administrator. While this reflects dedication, it's not really a viable alternative.

To put this in a greater context, the compliance standard in this area requires that residents who need assistance be provided that assistance within five minutes of the meal being put down in front of them. This is physically impossible with existing staff-to-resident ratios, and we have many homes that are being cited for not having enough staff on the floor.

Our other priority recommendation will bring much-needed help to homes so that they can effectively deal with resident mental health and associated issues such as aggressive behaviour, which requires a committed and sustained response. Recent WSIB stats are showing an increasing number of staff injuries due to violent behaviours by residents. We have put forward a number of recommendations related to the provision of special support for homes in this area, and if government doesn't take immediate action, we believe the public will start to lose faith in our ability to provide a safe and secure environment for the elderly.

I want to touch on a couple of other recommendations that deal with funding policies that are unintentionally creating inequities and inefficiencies at the home and resident levels. These are basically no- or low-cost solutions for government.

First of all, as we noted earlier, homes receive new funding for targeted positions, specifically PSWs and nurses. While the new funding is welcome, there are strict rules that apply to how the money can be used. The methodology doesn't allow homes to custom-fit the supply of new human resources to their particular demands, and this rigidity hampers effective and efficient staffing practices at the home level. We're recommending that homes be given the flexibility to hire any mix of



care personnel with the new funding available if they provide the appropriate justification. Some homes that have RNs and no RPNs can't access RPN money because there is RPN money and it has to be for an RPN, so that gives you an example of where they need to have more flexibility.

Secondly, this targeted funding can only be accessed if homes maintain existing staffing levels. This disadvantage, perhaps unintentionally, not-for-profit homes that are enhancing their care and service levels by voluntarily contributing additional funding to the home. Currently, a conservative estimate of the level of contribution from the not-for-profit sector beyond government funding is in the area of over \$150 million a year.

Given that these contributions are totally voluntary, the homes have the legal right to reduce or reallocate their contributions as they see fit. But the ministry's policy effectively blocks a home from accessing new funding for staffing if the home needs to apply these funds elsewhere. So the homes that have been stretching to actually provide additional care can't reduce their staffing levels, for example, if they're going into a capital rebuild or whatever and take and access the new money, while homes that operate on government funding alone have full access to new money targeted for positions.

In our view, this is a perverse incentive and disadvantages the not-for-profit sector. It also runs the risk of preventing much-needed resources from getting to residents. We are recommending that the ministry remove this prohibition from existing and future agreements with providers.

We have many more recommendations in the paper which I have submitted, but this basically concludes my remarks. What I've outlined here today and in our submission are the steps that will ensure that Ontario's long-term-care system is adequately resourced and equipped to provide the care that residents need now and in the future.

Thank you, and I welcome any questions from the committee.

**The Chair (Mr. Pat Hoy):** Thank you. Now we'll move to the official opposition. Mr. Hudak.

**Mr. Tim Hudak:** Ms. Rubin, it's really good to see you again. Thank you for your presentation.

**Ms. Donna Rubin:** Thank you.

**Mr. Tim Hudak:** Mr. Buchanan, if I remember?

**Mr. Dan Buchanan:** Yes.

**Mr. Tim Hudak:** It's good to see you again too.

There are a lot of things I want to touch on. Chair, the time I have is—

**The Chair (Mr. Pat Hoy):** Five.

**Mr. Tim Hudak:** Okay. I'll go to your last point first. I appreciate this because, as you know, the government will be particularly attracted to solutions for the budget that don't cost extra money, given the current fiscal situation.

You mentioned that there needs to be more flexibility for homes that are putting their own funding into the home, and that if they try to reallocate services anywhere

else, they can't access the funding pools. Can you give me an actual example of that to help us understand how that works in practice?

**Ms. Donna Rubin:** We have homes that are at the higher end of the staffing levels. Typically, the municipal and charitable homes are staffing the highest in the province. A home that might be already at 3.5 hours of care but is coming into a capital rebuild may say, "We've been putting in \$1 million already every year, but we're a charitable home and we're going to have to start to look at some of the dollars we put to operating and put it towards our capital debt." So there's new money on the table for targeted positions, but if they drop their operating levels—which has impacted on their staffing favourably, but if they reduce it they won't be able to access new money for PSWs; they have to maintain it.

**Mr. Tim Hudak:** To be clear, you're talking about money that the home is putting into it; the dollars that come from the province are still fully allocated.

**Ms. Donna Rubin:** Oh, absolutely. These are their own additional contributions. They do have a right to reduce or change, but the province is saying, "Sure, you can reduce it, but you won't get access to new money if you do so."

**Mr. Tim Hudak:** You used the expression, "These are no- or low-cost solutions for government." You talked about this particular one. Are there any others that come to mind?

**Ms. Donna Rubin:** Well, the one I mentioned is to have more flexibility. It's quite a rigid funding system. We have homes that do have a good care complement, or maybe in their particular home they say, "You know, what we really need instead of an RPN is an occupational therapist."

**Mr. Tim Hudak:** I know from our conversations previously and those with charitable homes in my riding in the Niagara and Hamilton area that there's a lot of very strict regulation around the sector and a lot of unfunded mandates also come forward, and often it's more process-based than outcome-based, right? Are there some suggestions you may have in terms of the regulatory approach to long-term-care homes that would allow you to do even more with funding levels?

**Ms. Donna Rubin:** We certainly are looking to the new long-term-care act and the regulations that are being developed to be more outcome-based, that our compliance program really focuses and that the public is assured that there are the appropriate outcomes. But let's not be so focused on exactly what needs to go into the mix to get to that—you know, that there are good meals on the table but not whether the menu plans were up to snuff in terms of what you're putting in. They have to look more at the outcomes.

**Mr. Tim Hudak:** Early in your presentation you mentioned the new positions that have been allocated for personal care workers. You said the minister has postponed those until 2012-13, both PSW and nursing positions—

**Ms. Donna Rubin:** Well, the nursing positions have been postponed. The nursing and the PSWs were a four-

year allocation, so we weren't going to have those positions all in place until 2012. The nursing positions have been delayed an extra year, so putting it to 2013.

**Mr. Tim Hudak:** Yes 2013-14. And you're suggesting also, at an investment of \$45.1 million, you could accelerate those hirings.

**Ms. Donna Rubin:** That's right. The money's already committed. The plan is to bring those positions into place over the next four years. We're saying, do it earlier; the need is now.

**Mr. Tim Hudak:** I expect the hospital association to be in later on in our consultations. The major problem they have, obviously, is the alternative-level-of-care issue. How can your association help address the ALC issue?

**Ms. Donna Rubin:** Our members are quite happy to start taking heavier-care residents out of hospitals now, but they're limited as to how many heavy-care patients they can take. People are coming out with g-tubes, IVs, tracheotomies, and our limited staff—when you've got one personal support worker to 13 people trying to feed, dress, bathe and toilet them, they're not able to manage that even with the nursing complement we have. There's just not enough staff on the floor. If we're going to take people out of hospitals and the lighter-care people in our homes go into the communities, we need to staff up now or there's going to be a logjam in the system and we won't be able to play that role that people are looking to us to play.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation before the committee.

We will recess until our next arrival at 3:45. Should they come early, we would start up at that time.

*The committee recessed from 1514 to 1545.*

#### ASSOCIATION OF INTERNATIONAL AUTOMOBILE MANUFACTURERS OF CANADA

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order once again.

We have our next presenter here, the Association of International Automobile Manufacturers of Canada, if you'd come forward, please. The committee appreciates your coming in early, and I regret we weren't able to start up as soon as you arrived. Nonetheless, you have 10 minutes for your presentation. There may be up to five minutes following that. I would ask you to identify yourself first, for our recording Hansard, and then you can start.

**Mr. Jason Vanderheyden:** I'm Jason Vanderheyden, director of policy development and corporate affairs for the Association of International Automobile Manufacturers of Canada. I'd like to thank the committee for inviting me to this forum to present the views of the Association of International Automobile Manufacturers of Canada, AIAMC, as part of the committee's 2009 pre-budget consultation process.

As you are all aware, things have changed dramatically, both in our economy generally and very specifically within the automotive industry, since AIAMC last appeared before this committee on January 28 this year. For context, at the end of October, year-to-date vehicle sales in the United States—the destination for 85% of Ontario's vehicle production—were two million units lower than they were last year at the end of October 2007. As a result, Ontario's motor vehicle production sector rapidly felt the impact of the declining vehicle sales in the United States. Ford announced earlier this year the cancellation of the proposed third shift at the Oakville assembly plant. GM will be shuttering its truck plant in Oshawa next year. CAMI just announced the suspension of all Suzuki XL7 production in Ingersoll. Toyota has put on hold the second shift at its new assembly plant that will open later this year in Woodstock, and all plants for Toyota in North America will be idled for two days just prior to Christmas to adjust inventory levels.

The dramatic decrease in sales in the United States has been brought on by the financial crisis, which now appears to be spawning a global recession. This has compounded the recovery efforts of the Detroit-based automakers, leaving them on the brink of bankruptcy, seeking taxpayer assistance both in Canada and the United States.

Conversely, vehicle sales in Canada remain strong through the end of October, with overall sales up 1.4% year-to-date over last year, and last year was the second-best sales year on record. The question in these turbulent economic times is, how much longer will these sales levels be sustained? In Canada, it is estimated that final 2008 vehicle sales will be in the range of 1.64 to 1.67 million, which is quite respectable. However, it is also estimated that vehicle sales will fall by 100,000 to 150,000 units, or about 8%, in 2009 alone, which will make business much more challenging for both dealers and distributors.

Consumer confidence in Canada has dropped to the lowest levels since the 1982 recession, according to the Conference Board of Canada. Their analysis suggests that the percentage of consumers who think it is a bad time to make a major purchase has jumped almost 15%, so that now fully 65% of all consumers feel that way. This does not bode well for automotive sales, especially since consumer confidence levels and automotive sales have traditionally had almost a direct correlation.

However, since 2002 in Canada we have been tracking above consumer confidence levels, and in October, vehicle sales were significantly above the rapidly falling consumer confidence levels. This suggests that Canada could experience a potentially seriously correction in vehicle sales going forward into the next year.

With that as context, and without going into too much background information, I'd simply remind committee members that the AIAMC is the national trade association that represents the Canadian interests of 13 international automobile manufacturers—BMW, Honda, Hyundai, Kia, Mazda, Mercedes-Benz, Mitsubishi,



Nissan, Porsche, Subaru, Suzuki, Toyota and Volkswagen-Audi—that distribute, market and manufacture vehicles in Canada. We are currently tracking at above 50% of all vehicle sales in Canada, and the membership is responsible for about 65% of all passenger vehicles sold. Honda, Toyota and, up until recently, Suzuki produced about 30% of all vehicles assembled in Canada. Importantly too, 50% of all vehicles sold by our members in Canada were produced in the NAFTA countries.

With respect to the 2009 provincial budget, it is clear from the economic statement delivered by Minister Duncan earlier this fall that the province will be challenged by both lower revenues and increased expenditures arising from the current economic downturn, resulting in an estimated \$500-million deficit for next year. This will require both the prioritization and containment of government expenditures. We support the government's ongoing commitment to ReNew Ontario, which stimulates economic activity and provides jobs in this period of economic downturn while improving and upgrading our infrastructure. A modern, efficient infrastructure will provide Ontario with a distinct competitive advantage in leveraging new investment once we come out the other end of this current downturn.

1550

Any pre-budget suggestions that would benefit the automotive sector need to be tempered with the fact that the province is slowing down spending in areas such as repairing schools, hiring more nurses and establishing family health teams. That said, we believe there are initiatives that can and should be undertaken by this government that would benefit the automotive industry, assist consumers and benefit the environment while not costing the province any new money.

For instance, it is estimated that Ontario's tax for fuel conservation generates revenue of between \$60 million and \$70 million for the province but produces very little environmental benefit, while acting effectively as a hidden tax, with the vast majority of vehicles sold incurring a \$75 charge under the program. If the TFFC were removed and those same funds directed towards a provincial vehicle scrappage program to provide consumers with a real incentive to scrap their pre-1995 vehicles and assist with the purchase of a newer vehicle, we contend there would be a far greater environmental benefit both in reduced smog-causing emissions and potentially reduced greenhouse gas emissions. Such an incentive would certainly spur some consumers to purchase a new or newer vehicle at a time when, as I noted earlier, vehicle sales are forecast to drop.

There are currently over 5.8 million vehicles on Canada's roads that are model year 1995 and older. If we assume that Ontario's share of these older vehicles is the same as its share of new vehicle sales in Canada, roughly 35%, then Ontario likely has about two million 1995 or older vehicles registered in this province. New tier-2 emission standard vehicles are about 12 times cleaner, from a smog-causing emissions perspective, than a 1995 vehicle, so replacing one 1995 vehicle with one tier-2

vehicle—and tier-2 emission standards began being phased in in 2004—means a twelve-fold improvement in smog-causing emissions. Provided any new or newer vehicle purchased also gets better fuel economy, then there would also be a greenhouse gas emissions benefit associated with taking the older vehicle off the road.

If a \$2,000 government incentive was provided to the consumer to scrap their older vehicle, then the \$60 million from the tax for fuel conservation could provide incentives to take 30,000 pre-1995 vehicles off Ontario's roadways, helping the environment and stimulating consumer demand for newer and new vehicles. This initiative would be welcome news to all in the auto sector.

Another no-cost measure the government could undertake to assist the industry to better address both the current challenges and the challenges on the horizon would be to move the responsibility for the payment of fees for the proposed tire recycling and diversion program away from the "brand owner, first importer" and attach that stewardship responsibility to the retailer. Tire recycling and diversion programs in other provinces are, as we understand, all implemented at the retail level; that is, the retailer—which has a much closer nexus with the actual replacement of a tire—is responsible for the program as a steward.

In this era of increased interprovincial co-operation and harmonization of standards and regulations, we fail to see why Ontario would adopt a "brand owner, first importer" model. Being classified as a steward simply because you brought into the province to be sold a vehicle that has four tires on it does not make a lot of sense. Establishing the retailer as a steward does make sense in that the retailer is the entity that will collect the used tires, once the tires have been replaced on a vehicle. The administrative burden associated with being classified as a steward under the proposed tire recycling and diversion program is not insignificant, nor are the fees generated for the program.

We believe both these recommendations would be supportive of a stronger automotive industry in Ontario. In the case of the vehicle scrappage program, it could be linked to the federal government's new program to provide an even more significant incentive for consumers to get out of their older vehicles, providing a win for the environment, as well as a win for the automotive industry.

I would be remiss if I did not comment on government aid to assist the Detroit-based automakers. Our members fully appreciate the vast number of jobs linked to the automotive industry in Ontario and Canada. It is clear that if the United States does end up providing funds over and above the \$25 billion already allocated under the Energy Independence and Security Act of 2007, Canada will have no choice but to become involved in providing some sort of assistance. Even without any additional funding, Canada and Ontario need to wrestle with the fact that the EISA funds are to be spent retrofitting plants and undertaking R&D to produce more fuel-efficient vehicles. It would seem highly unlikely that American

taxpayers' dollars would be used to undertake any of this work in Canada. Therefore, securing new investment and production mandates from Detroit-based automakers becomes more problematic.

Understanding the employment consequences, not only with the OEMs but also the ripple effect of those job losses throughout the supplier community, dealerships and the larger economy, leads our members to be supportive of aid. The retention of good-paying manufacturing jobs means that people have the resources with which to purchase a new vehicle, and all vehicle manufacturers and distributors benefit under this scenario. We do believe any aid should be available on an equitable basis and should also be available to the struggling auto parts sector. Any aid should not confer a competitive or market share advantage on the recipient of the aid.

I should add that we do not believe that buy-Canadian-built or buy-Ontario-built programs have any real merit, in that 85% of all vehicles produced in Canada are eventually shipped to the United States. Moreover, Ontario sales of Ontario-built vehicles represent only about 5.8% of all vehicles actually manufactured here, so any such program would have no significant impact on increasing the sales of Ontario-built vehicles and would ultimately serve only to distort the new-vehicle sales market.

Again, I appreciate the opportunity to be here today, and I look forward to any questions you may have. Thank you.

**The Chair (Mr. Pat Hoy):** And thank you for the presentation. The questioning will go to Mr. Prue.

**Mr. Michael Prue:** On your very last point, one of the ideas that has been floating around Queen's Park for the last few weeks is, what can Ontario do? We can't, obviously, match the billions of dollars the Americans will put in or even potentially the billions of dollars that Canada may put in, but I have heard the idea that we can forgive sales tax on vehicles that are built either in Ontario or more broadly in Canada. You're saying not to do that?

**Mr. Jason Vanderheyden:** The important thing is that any initiatives undertaken will have to create an equitable playing field, and I'm not sure doing that would create that in the market.

**Mr. Michael Prue:** How would it help the broader Ontario economy? I know it would help the salespeople who are selling, say, Volkswagen or—I don't know, pick anything that's not manufactured here—BMW. How is that going to help the Ontario workers and the people in the plants? It might help the salesmen, but how's it going to help the rest?

**Mr. Jason Vanderheyden:** From our perspective, there are some other, bigger questions that need to be answered and resolved in the United States before some of those decisions are taken in Ontario at this point. I would just go back to the point that any aid that's given here has to be done on an equitable basis that doesn't distort any market advantages to certain manufacturers.

**Mr. Michael Prue:** Why?

**Mr. Jason Vanderheyden:** That's just our position. It's important to recognize that—I'm not sure that any of those benefits would be passed on to the consumer, ultimately. One of the key factors we'd like to see is to continue to encourage people to get into newer and new vehicles.

**Mr. Michael Prue:** How does it help the Ontario economy if people buy manufactured vehicles that are made totally outside of Ontario and, even more so, totally outside of Canada? How does it help the Ontario economy if someone buys a BMW?

**Mr. Jason Vanderheyden:** The fact of the matter is that 85% of the vehicles manufactured in Ontario go to the United States ultimately anyway. The real problem here is that there's a market in the US that has no appetite to purchase new vehicles.

**Mr. Michael Prue:** I grant that, but how does it help the Ontario economy if we were to give some kind of—

**Mr. Jason Vanderheyden:** I'm saying that is not the solution, I guess. That's what I'm saying.

**Mr. Michael Prue:** How do we keep the people who work in Ontario manufacturing the vehicles working?

**Mr. Jason Vanderheyden:** I don't have an answer for that question.

**Mr. Michael Prue:** Okay. I'm trying to understand your position. I understand that you want a level playing field because you're selling foreign-made vehicles to people in Canada, so you want to make sure that your advantage—that you're not disadvantaged; let me put it in a more positive term.

1600

**Mr. Jason Vanderheyden:** Absolutely.

**Mr. Michael Prue:** But you don't have any answer to how we as a province, where one in six jobs is dependent on the automobile industry—for people who work here, how this is going to help us.

**Mr. Jason Vanderheyden:** No, what I'm saying is that those jobs are more dependent on the purchasing decisions made by consumers in the United States than they are here.

**Mr. Michael Prue:** And I grant that's true, so therefore, because we sell most of our product to the United States, you think we ought not be giving any kind of tax advantage to people in Canada who want to buy domestically produced product?

**Mr. Jason Vanderheyden:** Our view is that we would like to see more people purchasing cars on an equitable basis that doesn't distort the marketplace.

**Mr. Michael Prue:** Now, I'm interested, to change the topic a little, in the older cars producing all kinds of NO<sub>x</sub> and SO<sub>x</sub> and everything else at a much greater rate. Is it possible, because I'm thinking that people may want to economize in these times, to upgrade the vehicles? Are there upgrading facilities? Or is it just simply that they've passed their life cycle in terms of efficiencies and it's time to move on?

**Mr. Jason Vanderheyden:** Sorry, are you asking why people should be getting out of vehicles?



**Mr. Michael Prue:** You're saying it's 12 times more likely, or 12 times as efficient in terms of not producing greenhouse gases and other things we ought not to be producing. I'm not denying that's probably true. I'm not challenging that. Is there anything available within the industry so that people who want to hold on to their older cars can bring them up to modern standard, or is it simply that we have no choice save and except to go out and purchase new?

**Mr. Jason Vanderheyden:** Not to my knowledge do any of those sorts of programs exist, no.

**Mr. Michael Prue:** Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your submission.

#### CO-OPERATIVE HOUSING FEDERATION OF CANADA, ONTARIO REGION

**The Chair (Mr. Pat Hoy):** Now I call on the Co-operative Housing Federation of Canada, Ontario region, to come forward please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard.

**Ms. Amanda Yetman:** Sure. My name is Amanda Yetman, and I'm the president of the Ontario council for the Co-operative Housing Federation of Canada.

**Mr. Harvey Cooper:** I'm Harvey Cooper. I'm the manager of government relations for the Ontario region of the Co-operative Housing Federation of Canada.

**Ms. Amanda Yetman:** As mentioned, my name is Amanda Yetman, and I'll be delivering our presentation. At the end, Harvey Cooper will answer any questions you have.

First off, we'd like to thank you very much for the opportunity to make a pre-budget submission to the Standing Committee on Finance and Economic Affairs on behalf of more than 125,000 residents of 555 non-profit housing co-operatives across Ontario.

Housing co-operatives are committed to playing a significant role in meeting the affordable housing needs of Ontarians. In our presentation, we will focus our remarks on a few critical housing issues that the Ontario government should consider as it prepares its 2009 budget. They are:

- making sure that affordable housing is a cornerstone of the anti-poverty strategy;
- expediting the long-awaited provincial affordable housing strategy;
- building new affordable homes;
- ensuring housing is affordable to Ontarians of low and modest means;
- protecting the viability of existing community-based housing.

The McGuinty government's undertaking to develop, by the end of 2008, a comprehensive strategy to reduce poverty in Ontario should be applauded by all. Numerous studies have documented the alarming and growing rates

of poverty in this province. Clearly, if Queen's Park's plan is to make significant inroads in alleviating poverty, then affordable housing must be the cornerstone of the foundation. Housing sustainability and affordability are vital platforms for individual health and well-being, economic prosperity, an inclusive society and for healthy communities.

It is also well documented that new affordable housing construction and rehabilitation of the existing stock provide significant economic stimulus and create jobs. It is important to remember that the roots of the current global financial crisis are the result of the US sub-prime mortgage debacle, which can be traced back to the lack of any American affordable housing strategy, and which tells us that what starts in the housing sector does not stay in the housing sector.

Since the early 1990s, one of the fundamental problems that has led to the housing crisis in this province and the country has been the lack of an ongoing program and consistent policies.

Since the launch of the affordable housing program, AHP, in the fall of 2001, a cost-shared program by all three levels of government, we have only seen small pockets of new housing development in several Ontario communities. This has not met the growing needs throughout the province. As well, the current AHP is winding down, with no new supply program in the offing. What is required is a commitment to a long-term sustainable approach to addressing the affordable housing needs.

We do appreciate that the Liberals' 2007 election platform committed to addressing this need by "creating a long-term strategy for affordable housing that contains a mix of non-profit and co-op housing." Queen's Park should know that they have a very willing partner in the co-operative housing sector in developing this plan. Regrettably, work on the housing strategy has still not begun. The province announced recently that public consultation on the strategy has been pushed back to the spring of 2009.

Housing projects typically take about three years from the time the project is committed to when people actually start to move in. Some urgency needs to be attached to this strategy exercise. The affordable housing discussion should be moved up to January, and their report delivered by September. Queen's Park should also, in the 2009 budget, extend the funding of the existing affordable housing program.

One issue that we encourage the province to revisit as part of its affordable housing strategy is the possibility of unloading some of the social housing costs from the municipalities back to Queen's Park. The recent provincial-municipal review, unfortunately, did not seem to address the social housing costs in any significant way.

The co-operative housing sector submitted a proposal suggesting that the province take back the cost of the co-op housing portfolio from the municipalities. Co-op housing represents about 8% of the developed social housing stock, and that's estimated at just over \$100 million province-wide.

Unquestionably, the federal government has to take a significant role in the affordable housing field. Unfortunately, the current Harper government has shown few signs of funding its traditional national housing responsibilities.

The Ontario government needs to continue to press Ottawa for action on affordable housing, making it clear that Ontario is not only back in the affordable housing business but fully expects our national government to be a full partner in the endeavour.

Our annual *Where's Home?* report, published with the Ontario Non-profit Housing Association, will be finalized by the end of 2008. This review looks at trends in rents, vacancy rates, rental housing development, tenant incomes, and housing affordability issues. A number of key findings in our report are mentioned in our written submission.

According to the Ministry of Municipal Affairs and Housing, as of late fall 2008, there were 4,445 rental and supportive units that were occupied, 1,941 units under construction, and 3,140 units in planning approvals.

Since the launching over seven years ago in Ontario of the federal-provincial affordable housing program, we have a total of about 6,400 rental units that are either occupied or under construction. While any new construction is welcome news, particularly after a long gap of almost a decade under the provincial Conservative government, the number of new homes built falls short of the Ontario Liberals' housing promise in 2003. A supply program of 8,000 new units per year would be a reasonable target to set and achieve. New housing units should also remain affordable over the long term.

Co-operative and non-profit housing are a best buy for the province. These models have a proven track record of providing a permanent supply of affordable housing and creating stable, mixed-income neighbourhoods in our cities and towns.

While we have a shortage of affordable units in the province, we also have a growing affordability problem, and many examples are cited in our submission. Both sides of the affordable housing equation—demand and supply—matter. Both must play a central role in Queen's Park's long-term housing thinking.

Any new housing measures contemplated should consider a number of factors, including the affordability gap between a household's income and actual rent. From the 1970s to the 1990s, traditional rent-geared-to-income programs were based on recipients paying roughly 30% of their gross income on rent. In the last number of years, recent housing allowance programs have generally been short-lived and narrowly targeted, excluding many in need. We have cited in our written presentation these examples of the AHP and Ontario's recent rental opportunities for Ontario families, the ROOF program. Undoubtedly, these programs are providing some welcome financial assistance for a number of Ontario households. However, given the impact of the housing cost on budgets, particularly of all low-income households, consideration should be given that any new housing

benefit is more comprehensive than the current initiatives.

One very cost-effective manner to increase affordability for qualifying households would be to take advantage of the existing rental units in co-ops and non-profits and in the private sector buildings and offer rent supplements to the landlords.

A particular issue we would like to bring to the committee's attention is that thousands of social housing residents who are receiving RGI assistance pay their own utilities on top of their RGI rent. The province has long provided some compensation based on the utility allowance schedule. Unfortunately, these schedules have not been visited since 1999 and the utilities have skyrocketed. These issues need to be addressed.

There are a number of additional affordability measures that we hope will be key components of the poverty reduction strategy and included as a down payment in the spring 2009 budget. CHF Canada's Ontario region is an active participant in the 25 in 5 Network for Poverty Reduction and we support the key priorities established by the broad-based coalition.

*Bells ringing.*

**Ms. Amanda Yetman:** The long-term viability of social housing stock is at serious risk. Much of the current housing is 30 to 50 years old and requires major capital work. We know that the municipalities—

**The Chair (Mr. Pat Hoy):** I'll just interrupt you, in case you wonder what's happening here. We have a vote in the next four and a half minutes.

**Mr. Wayne Arthurs:** Mr. Chair, how much time is left in the presentation?

**The Chair (Mr. Pat Hoy):** She has about a minute left.

**Mr. Wayne Arthurs:** Do we have time to finish the presentation? Maybe we'll hold our questions for the time until the vote is taken.

**The Chair (Mr. Pat Hoy):** If you could complete your presentation in a minute?

**Ms. Amanda Yetman:** Sure.

**The Chair (Mr. Pat Hoy):** It is your actual time. I'm not taking any away from you.

**Ms. Amanda Yetman:** No, no, that's okay.

**The Chair (Mr. Pat Hoy):** You're getting your full time, plus a little. Go ahead.

**Ms. Amanda Yetman:** Co-operative housing in Ontario is a well-documented success story. For practically four decades, co-ops have provided good-quality affordable housing that is owned and managed by the community members who live there. We are anxious to roll up our sleeves and work with the government and MPPs of all parties to ensure that co-op housing is seen as an integral part of the solution to the affordable housing crisis in every corner of this province.

We feel that the key steps to move forward are clear:

—Affordable housing has to be a major plank in the government's poverty reduction plan.

—The province should expedite their now long-awaited affordable housing strategy consultation.



—An effective affordable housing strategy must address both the need for more supply and affordability.

—The urgent need for refurbishment of the deteriorating social housing infrastructure must be addressed.

Once again, we'd like to thank the members of the committee for giving us the opportunity to express our views today.

**The Chair (Mr. Pat Hoy):** Thank you. What we'll do is recess to allow members to vote. We'll be right back—it won't take very long—and we'll allow the government to put their questions if they have any.

We're recessed until after the vote.

*The committee recessed from 1614 to 1622.*

**The Chair (Mr. Pat Hoy):** All right. Now we'll come back into session again. Thank you for being patient with us on that vote. We'll go to the government. Mr. Ramsay.

**Mr. David Ramsay:** Thank you very much for your presentation. You provide a great service to the people of Ontario in providing low-cost housing to this province. Obviously, this type of housing should be supported for sure.

I want to ask you, because I was taken quite a bit—you're noticing, obviously, the high cost of utilities over the years. Energy has really gone up, and of course this puts a strain on people living in all sorts of accommodation. I'm wondering if you've done any studies on how old the building stock is in Ontario and how energy-inefficient it is and what sort of investment in energy conservation could lower those ongoing costs, besides being very good for the environment.

**Mr. Harvey Cooper:** Mr. Ramsay, our organization hasn't done any specific energy studies. That said, we know there is a number of studies out there, particularly in terms of the state of the physical stock. It varies, because some of the stock is quite old—40 years; not necessarily the co-op portfolio, but the former public housing stock, particularly in some of the urban centres, is in worse shape than some of the federal program stock, which was developed starting in the early 1970s right through the 1980s to the early 1990s, I would say. The stock that's in the best shape, both in terms of the state of the buildings and energy-efficiency, is probably the more recent provincial stock, which in most cases—the first projects were put up in the mid-1980s up until the mid-1990s, so they're just a lot younger. They range from 10 years to 20-odd years.

Part of the difficulty in terms of doing retrofits and energy efficiencies—I include co-ops with other housing providers—is that people are looking at the fundamental building envelope: the roofs, the boilers, the windows. Those are the first order of business. When they look at paybacks for some of the energy efficiency work, I think there's interest, but it's just not seen as a priority, particularly if you need a new roof or a new boiler, or the ramp to the underground garage needs replacement. I think a lot more work could be done on that, but it's almost that you have to prioritize and look at the overall building shell to begin with.

**Mr. David Ramsay:** So you're saying the issue is more with the major infrastructure of these buildings, that

that is really deteriorating. Energy efficiency would be something very nice to get into too, but the first priority is getting the infrastructure improved so that you're structurally sound.

**Mr. Harvey Cooper:** Yes. Related to that, one of the things we're hoping in terms of infrastructure funding is to include housing within that, because we see it as a very important component of infrastructure.

**Mr. David Ramsay:** Thank you very much.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

We will recess until our next presenter, which is at 5 p.m.

*The committee recessed from 1625 to 1646.*

#### ONTARIO RESTAURANT, HOTEL AND MOTEL ASSOCIATION

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order.

I believe we have the Ontario Restaurant, Hotel and Motel Association here. Thank you for being here this afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Tony Elenis:** Good afternoon. My name is Tony Elenis, and I'm the president and CEO of the Ontario Restaurant, Hotel and Motel Association, Canada's largest provincial hospitality industry, representing 11,000 businesses in food service and in accommodations. I'm joined today by my colleagues Michelle Saunders and Marco Monaco, and we are pleased to have the opportunity to present some of our recommendations for the 2009 provincial budget.

The ORHMA members represent a broad spectrum of hospitality operators with a variety of concerns and specific strategic recommendations for assistance. We'll be submitting a full brief of recommendations to the government and members of this committee within the next few days. I wanted to spend my time with you today speaking on two important issues for the industry: the impact of minimum wage increase and investment in tourism.

First, let me tell you about our industry. We employ over 400,000 Ontarians and generate more than \$22 billion in revenues. In recent years, the hospitality and tourism industry in Ontario has been experiencing difficulties and is now entering alarming times. We have seen a significant decline in international tourism and a decline in consumer confidence in response to the economic situation we're facing. Industry operators have experienced increases in energy prices, food costs and labour costs.

We are all aware of the daily discussions regarding the current state of the global economy and we have clearly heard the finance minister indicate that Ontario will be in a deficit position this year, so we are aware of the pres-

sure this committee and the government face in developing the 2009 provincial budget.

The hospitality and tourism industry has undergone a seemingly never-ending perfect storm since 9/11. Our members are challenged daily to keep the doors open and the lights on. The ORHMA wants to work with the government to put forward meaningful recommendations that will make an impact on the operators' bottom line so they can continue to compete in today's market and continue to make significant contributions to government revenues and to Ontario's economy.

**Minimum wage:** The food service industry in Ontario over the last eight years has experienced the lowest growth and the lowest profit margins compared to their industry counterparts in the rest of Canada. Although the food service industry makes a truly significant impact on Ontario's economy, we must remember that 60% of the industry remains independently owned and operated.

Restaurants are the character of local neighbourhoods and the boardrooms of small businesses. The economic pressures they face are truly tremendous. Specifically, we are focused on the liquor server minimum wage. This is a different rate from the general minimum wage rate, which recognizes that some employees earn a significant portion of their income through gratuities. The food service industry currently spends more than 31% of operating dollars on labour costs. Hospitality operators are struggling with razor-thin margins and of course the changes in tourism patterns, and simply cannot sustain yet another increase in liquor server minimum wage. We are seeing this labour cost have a tremendous impact on our bottom lines. The ORHMA recommends that the government freeze the liquor server minimum wage at its current rate of \$7.60 until industry conditions improve.

Investment in tourism is an issue we'd like to raise for you today. ORHMA has been very active in discussions related to the tourism competitiveness study, and we urge the government to take action on this significant body of work. As a result of discussions stemming from the consultations, ORHMA recommends the development of a dedicated government team, a success team, focused on attracting investment to Ontario's tourism.

We would be remiss if we didn't take the opportunity to encourage the government, when evaluating and determining strategic investments in infrastructure, to prioritize investment in tourism infrastructure. Tourism generates significant revenue for all levels of government and should be seen as an investment, not an expenditure. We were delighted to hear the finance minister indicate in the Legislature just yesterday the government's commitment to keep investing in infrastructure.

We must first focus on access. We would encourage the provincial government to work collaboratively with the federal government to increase access at Canada's borders, while maintaining security standards. ORHMA encourages the government of Ontario to support access within Ontario, including supporting a Pearson airport rail link, and working with Metrolinx to create a streamlined transportation system, because once our visitors

arrive, they need to be able to move around. Whether from abroad, from another province or from a neighbouring town, once visitors have arrived at their destination, we must ensure that they have a wonderful experience, so they can tell others and come back. Therefore, ORHMA recommends the formation of an investment team, a success team, to drive capital investments in the improvement of access at borders and within the province.

We appreciate the opportunity to appear before you today and the opportunity to discuss the issues of minimum wage and tourism. We will be submitting a full brief of recommendations shortly that covers many other areas, and we will continue to put forward recommendations on ways the government can implement specific policies to improve the bottom line for hospitality and tourism operators.

Some of the recommendations that we would be happy to discuss with committee members in the coming weeks include harmonization of food safety programs to ensure the integrity of food safety and consumer confidence; providing liquor licensed restaurateurs with a true wholesale pricing system; increasing the current PST exemption for meals under \$4 to \$8; increasing the employer health tax threshold to reflect the true impact of minimum wage increases on small business; making the PST exemption on destination marketing fees permanent; and maintaining a 50-50 ratio cost-sharing formula for private sector and municipalities for funding of waste diversion.

There are a host of recommendations that the government may implement in order to support the hospitality and tourism industry, to assist operators in seeing beyond month's end and ensuring a stable industry in support of a stable economy. We look forward to having those discussions with you, and we welcome any questions.

**The Chair (Mr. Pat Hoy):** Thank you. If you provide more material, as you say you will, just give it to the clerk and he'll make sure that all members of the committee get it.

This round of questioning goes to the official opposition. Mr. Hudak.

**Mr. Tim Hudak:** It's great to see you again, Tony. Thanks for the presentation, Michelle and Marco. A lot of topics to cover—I'll try to hit a few. Your industry is among the most heavily regulated industries, which I think is one impact that has caused growth to be so limited. I'm going to throw a new topic on the table. You just went through a big fight here in Toronto about Tim Hortons coffee cups and lids. Other municipalities are looking at banning water bottles and deposits on bottles. Is it time to ban the bans? How does it impact your sector if municipalities have different rules?

**Mr. Tony Elenis:** Very much so. We're an extremely regulated industry, as you mentioned. Different standards for different folks. In the province, there should be one standard that we all follow. It's easier for training, it's easier on the bottom line and it would be easier to drive it right through the supply chain, not just in our industry.

**Mr. Tim Hudak:** Some other states have looked at making restaurants post caloric content of their meals on



their menus and that kind of stuff. Are you concerned about that coming to Ontario? Do you have any advice to the committee if somebody muses about this topic next?

**Mr. Tony Elenis:** It's a very complicated subject, because unless you're in a specific sector where the goods are packaged and prepared ahead of time, it is very tough to do during a shift at work. There would be more inconsistencies and more false advertising than there would be success at it.

**Mr. Tim Hudak:** Two other areas you mentioned that fit this: You talked about the harmonization of food safety rules, and you're heavily regulated on the hospitality liquor-licensing side, and you mentioned true wholesale pricing. Can you better define what you mean by true wholesale pricing, and what you mean by harmonization of food safety?

**Mr. Tony Elenis:** We, the licensees, are the biggest buyers of alcoholic beverages in Ontario. We pay the same as the consumer. That is totally not fair for our industry, especially with the pressures we're facing right now on the bottom line.

**Mr. Tim Hudak:** And the harmonization of food safety rules?

**Mr. Tony Elenis:** There are 37 counties in Ontario, and 37 municipalities that drive a different approach to health inspections. Again, this is very tough on the bottom line. This creates administration costs to the government and to our industry. It's not uniformly easy to move employees and managers around from one municipality to the other when they always find surprises in the way that municipality follows the health inspection system.

**Mr. Tim Hudak:** There's a new proposal for increased drivers' licence restrictions to people who are 22 years of age and younger, including no alcohol in the bloodstream for people as old as 21, if not 22. Have you guys looked into that issue? Do you have a concern about the impact on the hospitality sector?

**Mr. Tony Elenis:** Our first priority, of course, is the safety of all individuals. Smart service is something that is encouraged by our association, by the industry, by the operators. I think, in addition, you cannot cure something like this unless you change the culture. So I guess the question I'll be stating here is: Why 21? Why 19? Why not 25? The age really is not the only specific factor that needs to be looked at. There's a lot more education.

**Mr. Tim Hudak:** Another restriction is one other 19-years-old-or-younger passenger in a car with a 19-years-old-or-younger driver. Interestingly, in Dalton McGuinty's Ontario, an individual can fly a plane filled with individuals but couldn't drive more than one person to the airport. Do you have concerns too about the impact that this may have on your sector?

**Mr. Tony Elenis:** Again, it's more than one item. In our sector, the drinking places specifically have been reduced to a minimum number of establishments out there, due to many regulations that have come along the way. Again, we encourage good practices and smart

practices for licensees while they're at the establishments for obeying the rules that smart service—

**Mr. Tim Hudak:** If a bunch of us went out, four or five of us, for chicken wings and such, it seems that if we can only drive one, it will have an impact on the hospitality sector.

The destination marketing fee you had mentioned as well—again, as you know, there has been some controversy down my way, in Niagara, with how that fee has been implemented on souvenir sales and parking lots and that sort of thing. I appreciate your point on permanent relief for the PST on the destination marketing fee. How can we ensure, though, that the destination marketing fee is truly on what it's supposed to be, which is the hotel or accommodations and not other projects?

**Mr. Tony Elenis:** The destination marketing fee, started by the Greater Toronto Hotel Association, followed by the Ottawa association, truly must represent the sales and marketing of activities to bring people into the destination and enjoy the hotel and the tourism around it. That's our policy; that's our association's policy. There are many ways and means of looking at it, but this should be kept at an industry level. I know there's one association that is driving, through legal means, having a licence for it, and we're supportive. We feel that it should be with the industry, and the industry should regulate it with a licence system.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation before the committee.

We will recess once again until our next presenter at 5:30.

*The committee recessed from 1700 to 1720.*

## ONTARIO ROAD BUILDERS' ASSOCIATION

**The Chair (Mr. Pat Hoy):** We have with us now the Ontario Road Builders' Association. You have 10 minutes for your presentation; there could be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard. Go ahead.

**Mr. Rob Bradford:** My name is Rob Bradford. I'm the executive director of the Ontario Road Builders' Association. With me today is my colleague Karen Renkema, who is our director of government relations.

Regarding the upcoming budget, we have a few thoughts for you on the subject of infrastructure. Of course, that's the subject close to our hearts.

Our association represents about 100 of the largest contractors in the province who build the provincial highways, roads and bridges and also do a lot of the municipal work in the province. We employ about 25,000 people at peak season. The employment aspect is very pertinent to some of the remarks that we're going to make.

As I said, I've got a number of recommendations.

The first one we want to start with is to urge the government, in these times of economic downturn—we all

know what's going on out there, and we all know the government is going to have some very, very tough decisions to make coming up—not to look at infrastructure as one of the areas we have to slash. It's not prudent at times like this to back off on infrastructure. There are a couple of really good reasons for that. Infrastructure has an absolutely proven track record, during times like this, of providing economic stimulus and providing very good jobs to a lot of people who would otherwise be out of work. So it's a good opportunity to increase our public assets at a time when we need the jobs. Secondly, Ontario's infrastructure deficits, as you well know, are already unmanageable. We aren't spending enough collectively amongst our governments to even reduce those deficits that we're barely holding the line on. To cut back at this time would be economic folly, because we need infrastructure to get our economy going again. We've got to move goods; we've got to move people. If we don't do those things, the situation we're in is going to be exacerbated. Most of our infrastructure, as you know, was built in the 1950s and the 1960s. It's at the end of its design life. There isn't much choice anymore but to go out and start fixing it.

I must commend this government, because they've done a tremendous job in the last few years of addressing infrastructure. We've got a five-year capital plan which is very, very important to our organization, because now we can plan our training and equipment needs five years out. That's really good stuff. We've seen some enhanced investment in provincial highways, and we've seen some very good things done on an annual basis for municipalities. We're here today to say, hold the line; keep up the good work; we need to keep moving forward on infrastructure.

Our second recommendation for the committee is to continue working with municipalities on what has become a dire crisis. Municipal infrastructure is in a crisis situation. We all know what happened when we did some downloading back in the mid-1990s. Giving the roads to the municipalities probably wasn't the greatest idea, because they absolutely do not have the money to maintain their own infrastructure out of their property tax bases. Richer municipalities like Toronto—well, they won't claim they're rich—can't address their infrastructure deficits. We look at our northern communities and some of our smaller communities that have huge, huge geographical territories and lots of roads and very sparse populations—if those folks had a \$5-billion bridge to fix, they'd be looking at 15 years of their capital budget just to do it. So they do need some help, and we urge the government to work with them to find some sustainable year-over-year funding that will address those infrastructure problems.

Thirdly, we'd like to recommend, particularly in these times, that we focus whatever investment we have in infrastructure more closely on what we like to call "core infrastructure." By "core infrastructure," I mean anything that lends itself to the production process; the things that we need to get the economy going. Those are your roads,

bridges, water and electrical power—the hard services that we need to keep the economy pumping. That's not to say things like community centres, new city halls and things like that aren't important. Sure, they're important. But given the choice right now and the very, very limited infrastructure dollars we may have, we'd like to see the government try to target at core infrastructure more directly.

We'd also like the government to consider bringing a little more balance to the dialogue in our discussion about our transportation future. We've noticed over the past number of years a concerted focus on public transit, which is all absolutely good stuff. This is not a vested interest thing, because my members build the infrastructure for public transit as well. But we seem to be neglecting, to its detriment, the whole idea that we've still got to move people on our roads, and that we need bridges and roads and that kind of infrastructure for them.

And public transit, let's keep in mind that outside of the Toronto area, public transit is buses—everywhere else in the province. It's only Toronto, the GTA, where we have high rail and subway and what have you. This real focus on public transit as the major priority—and that's what it seems to have become—is a very GTA-centric kind of notion. I have members all over this province who would like us to remember that we have infrastructure in other parts of the province as well.

Finally, before I pass it over to Karen—I'm sorry if I'm rushing through it, but I don't want to go over my time limit here—we'd like to encourage the government to move quicker on leveraging private sector money to build some of our core infrastructure, particularly new highways. That's one place where we're going to have a real advantage if we can get some private sector money leveraged. I hate to bring up the 407 because that's a bad word with most people. The only mistake we made there is that we sold the darn thing. It was a beautiful model for building a public highway in a very, very quick time with private sector money. Presumably, had it been held in a build-and-operate mode, it would still be a public asset and it would still be doing wonderful things for us. That's what we've got to look to, to build our highways of the future. I don't think public money is going to be able to bear the brunt of the massive infrastructure work we have to do in the future.

I think the private sector is ready and waiting. Infrastructure Ontario has already done a good job and has started working on the hospital sector and some of the other delivery areas. We're just urging the government to get on with the road sector in terms of—we're calling them AFPs now.

That's my part. Just to summarize: We're in a little bit of a rough period. The economists tell us that it's not going to go away very quickly. Investment and infrastructure is going to help us to get out of that.

Karen, would you cover the next couple of points we've got?



**Ms. Karen Renkema:** Sure. I'll just quickly touch on a couple of other points in our submission.

The first one is a general issue on the regulatory burden. I'm sure you hear this from every industry, but I'm going to talk specifically about our industry a little bit and how that regulatory burden brings itself back into the taxpayer's pocket to a certain extent because of the cost of infrastructure.

Currently, our members are experiencing the positive effects of the increase in infrastructure investment by all levels of government. Certainly in the current economic environment, it is of the utmost importance that the infrastructure dollars are used strategically to fund as many projects as possible and are used specifically for infrastructure improvements. However, the cost of implementing infrastructure continues to rise, as material prices such as oil and steel have a great impact on our industry.

In addition to the escalating costs of construction materials, our members are also encountering increased regulatory burdens, which, in turn, negatively impact the cost of infrastructure. Some of these regulatory burdens result in direct increased cost to contractors, such as the ever-increasing WSIB costs. These expenses directly affect the cost of infrastructure, as they are passed on to the entities that require the services of a road-building contractor, for example, the province.

Although not directly impacting expenses to contractors, other regulatory burdens affect the cost of infrastructure, as they result in significant delays to infrastructure projects. The examples our members, over and over again, have told us about are, for example, moving and reusing our excess construction materials, which is just a common sense mechanism. But within the regulatory environment we operate under with the Ministry of the Environment, we're finding that we're paying to dump our excess construction materials in landfill at this point; they are not be reused because of regulatory issues with the Ministry of the Environment.

1730

A second example could be the countless delays that we experience in trying to apply for a permit to take water when we're just actually taking water out of a stream and putting it back into the exact same water body. However, it takes us about nine months to get a permit right now, which, again, delays a project, in some cases, for nine months.

We commend the government for initiating the review last year of the regulatory requirements through the introduction of your regulatory modernization in the 2008 budget. However, we believe we need to take it a step further if we're going to continue to concentrate on our investment in infrastructure and we need to look at our ability to implement infrastructure cost-effectively within a reasonable time frame.

**The Chair (Mr. Pat Hoy):** You have about a minute left.

**Ms. Karen Renkema:** Okay, thank you.

I won't get into it any further at this point, but we urge the government to strike an infrastructure regulatory review committee. That would specifically look at some of the hurdles that we have moving forward with implementing this large infrastructure plan, looking at some of the costs and the delays of it to make the infrastructure move a little bit more quickly and to make sure that we're spending our money in the correct place.

I'll take my last 20 seconds here just to quickly speak about harmonization. Especially over the past couple of years, this issue has come to light a lot more in the projects and services that we use in the industry and the processes, whether we're grinding rocks or we're delivering soil—it all depends on whether we charge both taxes or one tax. Our members are 100% supportive of harmonization of the GST and PST and believe that it will not only reduce the administrative burden for our business but also for the government.

**The Chair (Mr. Pat Hoy):** Thank you for your submission. This round of questioning goes to Mr. Prue of the NDP.

**Mr. Michael Prue:** Just on the last point, governments have been reluctant to harmonize the PST and GST because of the exemptions. Has your industry talked about the exemptions? Children's clothing, women's products, books, all kinds of things that we don't charge PST for, GST does, and that, I think, is the reluctance. I understand the position, it's easier to pay one tax than to fill out forms for two, but have you gone the extra mile and questioned why there's GST on some everyday products that people use?

**Ms. Karen Renkema:** We are cognizant of that. Whether we've discussed those things in great detail, I can't really go into the exact products when you're speaking about necessary social products. I guess, at the end of the day, we see that harmonization may, in effect, allow us to see a reduced tax cost. As you're realizing greater revenue, at the end of the day we would see a decrease in the taxes, and therefore the effect on those products wouldn't be as substantial as it may have been to begin with.

**Mr. Michael Prue:** But they would be substantial to people who have children, who read books, who read newspapers, for women. When you ask that, you're asking someone else to pay the tax, and that's the hard sell. I can look at my colleagues' faces across there—I'm not in government, but that's the hard sell. Why should they pay the tax you're paying now?

**Mr. Rob Bradford:** I'm sure we could put our heads together and find some mechanisms within the system to ensure that those exemptions were maintained in some manner.

**Mr. Michael Prue:** Okay. That's what I wanted to hear from you. Thank you.

Now, the other thing that intrigues me, and I've never heard this before, is that companies that build roads and bridges and the like are forced to dump their excess product before they start a new project. Does that include

tar and stuff that you put on the roads, cement, all those kinds of things? You're forced to dump it?

**Mr. Rob Bradford:** You go ahead; that's your file.

**Ms. Karen Renkema:** No. When we talk about excess construction materials, I'm actually referring to specifically what we would call "dirt" or "soil" that we're removing; either it's excess because we're building a new road or it's excess because it needs to be removed from that specific area. Our industry is known for its track record in recycling—and Rob can talk to the technical aspect of recycling asphalt a little bit more—but the excess materials, what happens is, because of the way they're identified under Ministry of the Environment regulations currently, they're seen as a waste product, even though they're not a hazardous material. In many cases, it's very difficult to find anybody who would want to reuse those materials.

In addition, governments aren't looking, when they're designing roads, bridges and other infrastructure, at reusing those materials at the beginning. So because the engineering at the beginning isn't looking at the reuse, what happens is that we as a contractor come in, we have these extra materials and they're not specified, so nobody will take them except for a landfill. They're not hazardous; they're not contaminated; in many cases, they're just below table 1, which is the requirement for good topsoil across Ontario. So in addition to our landfills filling up

with garbage, we're also filling up our landfills with excess construction materials, soils that nobody at this point will take and that we're not reusing when we're doing designs and contracts.

**Mr. Michael Prue:** So this soil wouldn't qualify as clean fill? As I travel around the province, I see signs all the time: "Clean fill wanted." You can't take that to a place that wants the clean fill for free?

**Mr. Rob Bradford:** There's no such thing as clean fill in the province anymore as far as we can see. If you went out in your backyard and dug up a pail of dirt, it would not pass as clean fill. If you went into a child's playground and dug up what's under the grass, it would not pass as clean fill. That's the regulatory environment we're working in. We're looking for some sanity to be brought to that. It's costing the province and any owner of construction \$90 a tonne to dump this stuff at a landfill. We're dumping essentially clean dirt in the landfills, and it's costing 90 bucks a tonne. I mean, that's—I hate to use the word "crazy," but it's crazy.

**Mr. Michael Prue:** That's a good word to conclude with. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you, and thank you for your presentation before the committee.

**Mr. Rob Bradford:** Thanks, Mr. Chairman.

**The Chair (Mr. Pat Hoy):** Now we are adjourned.

*The committee adjourned at 1737.*



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## CONTENTS

Thursday 20 November 2008

<b>Subcommittee report</b> .....	F-505
<b>Pre-budget consultations</b> .....	F-506
George Brown College.....	F-506
Ms. Anne Sado	
Colleges Ontario .....	F-508
Ms. Linda Franklin	
Mr. Bill Summers	
Canadian Chemical Producers' Association.....	F-511
Mr. David Podruzny	
Ms. Fiona Cook	
Cathy Dandy .....	F-513
People for Education.....	F-515
Ms. Annie Kidder	
Canadian Youth Business Foundation .....	F-517
Ms. Vivian Prokop	
Mr. Axel Arvizu	
Mr. Tim Turnbull	
Ontario Association of Non-profit Homes and Services for Seniors .....	F-520
Ms. Donna Rubin	
Association of International Automobile Manufacturers of Canada.....	F-522
Mr. Jason Vanderheyden	
Co-operative Housing Federation of Canada, Ontario region .....	F-525
Ms. Amanda Yetman	
Mr. Harvey Cooper	
Ontario Restaurant, Hotel and Motel Association.....	F-527
Mr. Tony Elenis	
Ontario Road Builders' Association .....	F-530
Mr. Rob Bradford	
Ms. Karen Renkema	



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**Pre-Budget Consultations**

**Comité permanent des finances  
et des affaires économiques**

**Consultations prébudgétaires**



Chair: Pat Hoy  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 4 December 2008

Jeudi 4 décembre 2008

*The committee met at ??0803 in room 151.*

## PRE-BUDGET CONSULTATIONS

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order.

CANADIAN HEARING SOCIETY,  
TORONTO

**The Chair (Mr. Pat Hoy):** We'll begin our pre-budget consultations for the year 2009 this morning with the Canadian Hearing Society, Toronto, if you'll come forward, please.

**Mr. Tim Hudak:** The rotation, Chair?

**The Chair (Mr. Pat Hoy):** It's five.

**Mr. Tim Hudak:** Thank you.

**The Chair (Mr. Pat Hoy):** Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would ask you to identify yourselves for the purposes of our recording Hansard.

**Ms. Kelly Duffin:** Thank you very much, Mr. Chair. I'd like to thank you for allowing the Canadian Hearing Society to present before you and your distinguished committee. It is a pleasure to see many of you again.

I'm Kelly Duffin. I'm the president and CEO of the Canadian Hearing Society. I'm here with my colleague Gary Malkowski, who is our special adviser on public affairs. The Canadian Hearing Society is a 68-year-old, non-profit organization that provides an integrated roster of 17 health and community services to deaf, deafened and hard-of-hearing people in 27 offices across Ontario.

For our presentation today, we've chosen to focus on ways we can support the stated priorities of poverty reduction, mental health and seniors aging at home while effectively managing the province's finances in these times of economic uncertainty, and we offer two recommendations.

**Mr. Gary Malkowski (Interpretation):** Good morning. The first recommendation is to continue focusing on the poverty reduction strategy by increasing employment services. Recent studies affirm that poverty costs the province billions of dollars in social assistance, health care, crime and lost tax revenues.

We ask you to consider three other facts:

Ontarians with disabilities are almost twice as likely to live in poverty compared to other Ontarians.

Over 55% of working-age adults with disabilities are currently unemployed. For women with disabilities that rate is almost 75%.

The unemployment rate for persons with disabilities is five times that of people without disabilities.

These statistics are staggering, and we hope the government's announcement today will be a step towards a meaningful poverty reduction strategy and that it will urge you to ensure that people with disabilities are included within that strategy. Getting people into jobs not only improves their lives immeasurably, and the lives of their children, but reduces the cost and increases revenues to the province.

We will also take this opportunity to highlight the importance of specialized employment services for people who are deaf and hard of hearing.

You may be aware that MTCU has recently begun a review process of employment services providers to determine the agencies with whom they will contract for employment service delivery in fiscal 2010 and beyond. While CHS believes that we can ably provide that service that MTCU is seeking, there is nonetheless some anxiety that if CHS is not a chosen provider, the deaf and hard-of-hearing Ontarians will have to go to a generic disability service provider if that is the model MTCU adopts in some regions.

This would be a significant concern for deaf and hard of hearing Ontarians whom we serve as these alternative providers generally cannot readily provide service in American Sign Language to deaf clients who use ASL and do not have regular access to accommodations such as sign language interpreters and real-time captioners. The result for the client is a service provider that presents, not prevents, barriers in their job search. In many cases, this means the client must make multiple repeat visits only when access is pre-booked, that he or she is dealing with a service provider who may not fully understand their accommodation needs and lacks experience in selling employers on the hiring of deaf and hard of hearing staff, followed up with a deep knowledge of the devices and accommodations that will make the placement successful and ensure the job found is retained.

CHS's founding service was employment service because it was consistently the most needed and most

valued service in the communities we serve. Those communities' anxiety about the potential of losing an accessible environment if MTCU selects a generic disability approach is heightened, as you can imagine, during these uncertain economic times. More and more of our clients are facing unemployment, and it would be a stressful time to reduce their access to essential service.

I also want to touch on the value-for-money proposition provided by this service.

According to ODSP, 14% more deaf and hard of hearing people are on income support than they were just two years ago, at an incremental cost of over \$9.5 million before accounting for the cost of ODSP and lost tax revenues. We are seeking \$2.5 million in additional employment services funding to support those people in getting off social assistance and into the workplace, and we believe that represents value for money.

**Ms. Kelly Duffin:** Our second recommendation is to make strategic investments that will reduce cost and waste.

Clearly, we believe that the employment service Gary just described would not only support the government's goal of poverty reduction but would also represent a strategic investment. But we are also aware of many people who are coping with hearing loss and mental health issues who have been inappropriately assessed and misdiagnosed, and others who are currently improperly institutionalized. These are also the most marginalized members of society, often with multiple disabilities, complex service needs, living in poverty and without the means of navigating a complicated health care system. For most of them, CHS is the only accessible service option as they struggle with mental health or addiction issues.

There are many reasons for this. Mainstream service providers are not familiar with the accommodations, such as sign language interpreting and real-time captioning, that are routinely available at CHS, and often the consumer is denied ongoing treatment or leaves counselling because it is not accessible.

There are no addiction services in Ontario that are accessible for deaf, deafened and hard of hearing consumers. Often these programs are based on a peer group model which is isolating and ineffective for the person who cannot hear or participate in those group discussions.

We are encouraged to know that mental health is one of Minister Caplan's three priorities. In fact, the Canadian Hearing Society has had a proposal for \$4.2 million to expand our mental health counselling program at the Ministry of Health for the last two years.

0810

In the two years we have been waiting for a response to our expansion proposal, people are going untreated and latent crises become full-blown, while still other people languish in inappropriate environments at costs ranging from \$100,000 to \$400,000 per person per year. That is to say that millions of taxpayer dollars have been, and continue to be, wasted warehousing people in prisons

and psychiatric wards who should not be in those institutions.

We have the appropriate expertise to provide a more accessible, culturally appropriate service that can significantly reduce government expenditures and dramatically improve client outcomes. I am proud to say that the Ministry of Health and the Canadian Hearing Society have been recognized by the Ontario Health Quality Council for the effectiveness of this program. A strategic investment in its expansion would pay dividends for the clients we serve and for the province.

Likewise, strategic investments in addressing hearing health issues in seniors can prevent costly misdiagnoses, support self-care and allow seniors to stay safely in their homes instead of in costly care facilities. Aging is the number one cause of hearing loss, and 40% of people over age 65 have hearing loss. With the aging population, it's the fastest-growing disability in Canada.

Untreated hearing loss can not only lead to isolation and depression, but compromise informed consent and the ability to interact with health and community services, and reduce the capacity for self-care. Seniors' safety in their homes can also be severely compromised if they cannot hear the phone, the doorbell or the smoke alarm.

The speech from the throne stated that the government "believes we need to do more to help seniors ... stay in their ... homes," and the aging at home strategies are being implemented through the local health integration networks.

The Canadian Hearing Society has a hearing care counselling service, which provides outreach to seniors with hearing loss and their caregivers, to ensure that they remain living in their homes safely while staying connected and participating in their community. That service has received some funding increases through some LHINs. However, other LHINs have not provided expansion funding for the program, and for fiscal 2010 and 2011, no LHINs are contemplating increases as part of the regular submission process. Because costs are increasing and the demand for service is expanding with the aging population, this means there will be a reduction in that service. We believe that such a reduction would be a false economy, and that a strategic investment in this service would be one that pays dividends.

**Mr. Gary Malkowski (Interpretation):** In closing, the Canadian Hearing Society has a unique ability to partner with the government of Ontario to address the challenges of the deaf, deafened and hard of hearing communities to respond to economic uncertainty and deliver on government priorities, including poverty reduction, mental health and aging at home, with programs such as employment services, mental health counselling and hearing care counselling.

Thank you again for the opportunity to present our recommendations to you as you plan for the next fiscal year in what we recognize are challenging times.

**The Chair (Mr. Pat Hoy):** Thank you for the submission. The questioning will go to the official opposition. Mr. Hudak.



**Mr. Tim Hudak:** Thank you, Chair, and Ms. Duffin and Mr. Malkowski. Good to see you both here again. Thanks for the presentation.

I have a couple of questions. There are 27 offices across the province of Ontario. Are they all staffed, open five days a week?

**Ms. Kelly Duffin:** Yes, they are.

**Mr. Tim Hudak:** Perfect. You mentioned that you are concerned that the employment service delivery through your main office and your regional offices may not go beyond 2010. When do you anticipate that the Ministry of Training, Colleges and Universities would tell you what their plans are beyond 2010?

**Mr. Gary Malkowski (Interpretation):** We expect to have that response in January. They're doing their capacity survey at this point, and we have shared with them the availability of the services we have across the province. I understand they will be making that decision and will be announcing it in January.

**Mr. Tim Hudak:** Okay.

**Ms. Kelly Duffin:** I would just add that that would be the first response. There will be some other decisions that they make through the early spring.

**Mr. Tim Hudak:** Okay. And that's sort of your base funding that you've received from the ministry; it's not for any additional programming?

**Mr. Gary Malkowski (Interpretation):** Yes. We have two different programs. One is funded through Employment Ontario and the second is funded through the Ontario disability support program's employment area. Those two different programs are supported in those ways. Our concern is solely with Employment Ontario because at this point it's unpredictable. We're waiting till January to have that information, but I understand they have a series of announcements that will be coming down.

**Mr. Tim Hudak:** On page 3, you mentioned there has been a 14% increase in deaf and hard of hearing people on income support in the last two years alone, which is a significant increase. What does that stem from? Is it aging? Is there some cause for this, and does that then motivate to be an increase in your base funding?

**Mr. Gary Malkowski (Interpretation):** According to the ODSP statistics, the ages are anywhere from 18 to 64, and they're noticing that the numbers are rising quickly. We're looking at individuals who are graduating from high school. Specifically, there's a significant increase in those individuals. When you look at the year 2005-06 to 2008, the numbers have substantially increased over the past two years, and the number of individuals who are receiving employment support is lessening.

**Mr. Tim Hudak:** A significant portion of the paper is dedicated to mental health and addiction issues. You make an important point about making sure the services are appropriate for people who are deaf or hard of hearing and suffer from mental health or addiction problems.

Help me understand the population: How many people, roughly, would we be speaking about, and do they access your centres across Ontario?

**Ms. Kelly Duffin:** Minimally, the estimate is that 10% of the population suffers from hearing loss, and I just talked about seniors being disproportionately represented, but if we just take an average across all ages, let's say 10%. The estimates are that in the general population 20% to 25% will have a mental health issue at some point in their lives, so you could extrapolate from that that about 25% of that 10% would be facing significant mental health issues that would have them seek assistance at some point in their lives.

**Mr. Gary Malkowski (Interpretation):** If I could just add to that as well, once people experience hearing loss as they become older, it's quite an emotional impact on their lives. They become withdrawn, therefore becoming isolated, and that number, I would suggest, is much higher than 25% in that population. I'd suggest even double, because they need to have the information that's required so that they understand how to cope with their hearing loss and have that support in place.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### CANADIAN ASSOCIATION OF ACCREDITED MORTGAGE PROFESSIONALS

**The Chair (Mr. Pat Hoy):** Now I call on the Canadian Association of Accredited Mortgage Professionals to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I would just ask you to identify yourself for our recording Hansard.

**Mr. Jim Murphy:** Good morning, Mr. Chair. My name is Jim Murphy. I'm the president and CEO of the Canadian Association of Accredited Mortgage Professionals, or CAAMP, as we affectionately refer to it.

CAAMP is Canada's national mortgage association. We have over 12,000 members in all 10 provinces—actually in two of the three territories also—including nearly 7,000 members here in Ontario. Our members represent all facets of the mortgage industry, including lenders such as banks and credit unions, mortgage insurers, title insurers, as well as mortgage brokers and agents.

Our most recent research report, a copy of which you have as part of the handout, on the state of the residential mortgage market in Canada noted that there was \$880 billion in outstanding mortgage credit in Canada at the end of August 2008. Over 40% of this outstanding mortgage credit amount is here in Ontario. The report provides an overview and information on the trends in the residential mortgage market. We produce two reports a year in terms of standards and statistics, and trends within the marketplace.

Also included in your packages is a recent report that our chief economist produced for our members in October, entitled *Risks are Contained Within the Canadian Mortgage Market*. I believe it's about a four-page report which reviews differences between the Canadian and US mortgage markets. For example, Canadians have

much more equity in their homes, upwards of 70%, than do their US counterparts.

0820

I suppose, for the rest of this presentation I could talk about the differences between the US and Canadian mortgage markets, the different types of products, how mortgages are financed, as well as underwriting guidelines. Clearly, the Canadian marketplace and the Canadian financial market have been impacted by the credit crisis, and it's something that obviously the government of Ontario is having to face as part of its upcoming budget.

I'd like to speak to three issues this morning. One is legislative and two are tax-related.

First, the Ontario Mortgage Brokerages, Lenders and Administrators Act is now law. The last series of regulations dealing with issues under the legislation on disclosure, public relations and suitability come into force on January 1, 2009. This legislation, which was introduced a couple of years ago now, affects the mortgage brokerage channel here in Ontario, which accounts for over 30% of all mortgage transactions. It also includes rules governing the administration of mortgages in Ontario. It is a good piece of legislation that raises the bar in professionalism and reflects the changes and the growth within the industry over the last 10 to 20 years.

One comment I would make is that, as you know, once legislation is passed, it must be implemented. That is done by our regulator, which is FSCO, the Financial Services Commission of Ontario, which has worked with the industry on many details of the legislation and implementation of the regulations. However, regulators in many circumstances only respond to complaints or undertake annual audits on a certain percentage of licensees to ensure that they are in fact in compliance.

Governments of whatever political stripe pass legislation for a reason, partly, in our case, to enhance consumer protection. Government must ensure that regulators enforce the rules that have been passed into law and, I would argue, especially at the beginning of a new legislative framework that we have for the brokerage channel in the province. For example, we encouraged the government and the regulator to undertake an audit to ensure compliance by brokerage firms in the province with new mandatory errors and omissions insurance coverage provisions. The regulator did this but the result was not entirely satisfactory and, as such, the regulator is now following up with much stronger enforcement actions, which we support, to ensure compliance with the legislation. The issue is to ensure that such actions do not have to be suggested but, rather, constitute a part of the overall regulator's responsibility.

I just want to turn my attention to two tax matters. The first is the provincial capital tax.

In terms of tax policy, CAAMP wishes to express its strong support for the elimination of the capital tax. This is, we believe, a terrible tax which has no connection to the profitability of businesses. It also places a large burden on the financial services sector in this province, particularly here in the city of Toronto, which is an

important generator of employment and income and is, indeed, a key economic driver in the province overall. The government has made some headway and progress on this file, but should strictly adhere to the 2010 deadline included in its election platform of a year ago for the elimination of the capital tax. This is a positive news story for investment in the province which must not be delayed. As you know, several other provinces and the federal government have already eliminated their capital taxes, so businesses here in the province of Ontario are forced to pay higher costs as a result.

I want to talk about the land transfer tax also, which I spoke to last year when I was before this committee.

This tax acts to discourage, we believe, home ownership, especially for first-time buyers. The previous provincial government brought in a rebate for first-time buyers of newly constructed homes, and the current provincial government extended that last fall—again, this was part of the government's platform—to all first-time buyers, a move we welcome and strongly support.

The rebate limit of \$2,000, which works out to a home or condominium roughly priced at \$227,500, however, has not been adjusted since 1999, or for 10 years. While prices are clearly levelling off across the province in different regional real estate markets, they are still nowhere near where prices were nearly 10 years ago.

The provincial rebate is much less generous, even, than the city of Toronto's own land transfer tax rebate, which maxes out at \$3,725, and the rebate provided by the province of British Columbia from its property transfer tax, which is similar to the land transfer tax here in Ontario, for first-time buyers. In BC, that covers homes priced up to \$375,000. I should just note that several provinces do not even have a land transfer tax, Alberta and Saskatchewan among them. We would encourage the province to, as a minimum, index the threshold for the rebate for first-time buyers to reflect price changes since 1999.

The second part of the land transfer tax that I wanted to comment on, and it's something that's not raised, is actually the thresholds for the formula in terms of how the land transfer tax is determined. Ontario has a graduated schedule for determining the tax that someone pays when buying a home or a condominium, where half of 1% is paid on the first \$55,000 of the purchase price, 1% on the amount from \$55,000 up to \$250,000, 1.5% on the amount from \$250,000 to \$400,000, and a full 2% on the amount above \$400,000. This schedule has not changed for well over 15 years. As a result, the province has gained more and more land transfer tax revenue, indeed, taking in in excess of \$1 billion in the last year alone. Obviously, this amount will decline as part of the slowdown of the economy overall, but we would argue that it's probably the best time, then, to adjust those thresholds again to reflect economic circumstances.

I want to thank you, Mr. Chairman and members of the committee, for your time this morning, and I'd be pleased to answer any questions.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to Mr. Prue of the NDP.



**Mr. Michael Prue:** My questions will be about the land transfer tax. As you correctly point out in the last line, the province of Ontario is gaining about \$1 billion a year off the land transfer tax. If we are to reduce that tax, and we take in less money, where do you propose that the government should make up the shortfall? Increasing income taxes is one obvious way, but what else?

**Mr. Jim Murphy:** I guess I would come at it a little differently, which is to try to encourage economic activity, in that people, especially first-time buyers, when they purchase either a condominium or a home, and I'll just focus on first-time buyers—there are usually many other costs that they have when they're doing closing. Above that, I think they would probably spend a lot of the money they would be spending on land transfer tax—indeed, which they would continue to spend on land transfer tax under any formula—for other purchases, whether it be furniture, appliances or landscaping around the house—other investments that we would argue would go back into the economy, that would generate employment and support manufacturers and retailers in the province.

At closing, there's a very large cost for average homes for people. It averages into the thousands of dollars even up to \$10,000. That's a lot of money, particularly for first-time buyers. A lot of them don't know how much they have to pay and they're surprised, when they come to closing after they've made a purchase of a property, at how much it is. So I would argue that you're putting more money back into the hands of those who are purchasing the condominium or home and that they would probably not save that amount; they would probably spend that amount because they're moving into a new property.

**Mr. Michael Prue:** But still, there's a revenue shortfall to the government. How does the government make that up, other than stimulating the economy, which you acknowledged on the first statement is not in the best condition at this moment?

**Mr. Jim Murphy:** So that's why we would encourage putting more money back into people. I think there's this debate going on it terms of doing that. I think there needs to be a stimulus, there needs to be consumer confidence. This would be, we think, a good way of doing that.

**Mr. Michael Prue:** Thank you very much, Mr. Chair.

**The Chair (Mr. Pat Hoy):** We thank you for your submission.

**Mr. Tim Hudak:** Chair, I'm going to table a couple of questions through you to research, based on Mr. Murphy's presentation, specifically on land transfer tax. I'll write this out, but I'd like to know what the revenue has been to the province, following Mr. Prue's questions, from fiscal 1994-95 till today, and then forecast out two years. Secondly, if the province were to follow Mr. Murphy's recommendations on indexing, the rebate limit and the brackets, where would we stand today if that had been done since 1999?

I'll formalize that, but I wanted to put that on the record, Chair, and thank Mr. Murphy for his outstanding work, as always—and the good people of CAAMP.

## ONTARIO CAMPAIGN 2000

**The Chair (Mr. Pat Hoy):** I now call on Ontario Campaign 2000 to come forward, please.

Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, and I would just ask you to identify yourselves for the purposes of our recording Hansard.

**Ms. Jacquie Maund:** Good morning, everyone. My name is Jacquie Maund and I'm the coordinator of Ontario Campaign 2000. I'm pleased to be here this morning.

0830

**Ms. Stacey Bowen:** Hi. My name is Stacey Bowen. I am on social assistance and I'm a mother of two teenaged daughters.

**Ms. Jacquie Maund:** We'd like to begin this morning by saying that we know that last year the Ontario government committed to make poverty reduction a priority in its renewed mandate. Campaign 2000 applauds the government for the steps that have been taken so far in its work to setting a framework for a multi-year poverty reduction strategy, something that Campaign 2000 has called for a number of years now.

The latest Statistics Canada data are from the year 2006, and show that almost one in every nine children in Ontario is living in poverty. That's 324,000 children, a poverty rate of 11.8% during a period of very strong economic growth.

Almost half of all poor children—45%—are living in families where at least one parent is working full-time, full year. So they're in the workforce but not able to earn enough to lift their families out of poverty.

We're concerned that the current economic downturn will mean an increase in the number of children and families living in poverty. So we appreciate Finance Minister Duncan's comments in October to the Canadian Club, when he said, "We can no more abandon our efforts to reduce poverty than we should abandon working with our businesses to increase productivity.... We have to recognize that investments in income and employment will help build confidence and see us through these challenging times."

We'd like to follow up on those comments and make some recommendations—specifically that Ontario should make a down payment on a poverty reduction strategy in the 2009 budget. These are the types of investments in income and employment that Campaign 2000 would like to see in that budget.

**Ms. Stacey Bowen:** Increase incomes and support low-income families. Increase the minimum wage to \$10 an hour now, please, and index it. Did you know that full-time work at minimum wage now leaves a single person \$5,000 below the poverty line?

For people not able to be in the workforce at this time and relying on social assistance, raise the rates to ensure adequate income and permanently index them to inflation so that they keep pace with the rising cost of living, which is just not happening at these times. Did you know

that a single mother with one child on assistance lives \$5,000 below the poverty line?

We also would like to see the system of social assistance transformed so that it supports people to move out of poverty.

We need to increase the Ontario child benefit to the maximum monthly level of \$92 per child right now. Don't wait until 2011. This will help all low-income families better cope with the rising cost of raising children. If you have children, you know how hard it can be sometimes.

Please start serious negotiations with the federal government to improve access to employment insurance and increase benefit levels. Did you know that only 29% of unemployed people in Ontario currently receive EI?

The benefits of these measures will be increased consumer spending, which will help stimulate the economy; putting money in the pockets of low-income people who spend locally; and preventing more people from going on the assistance rolls.

You may hear about the statistics of poverty and you may hear about the percentage, but I am the real deal of poverty. I am the face. Thank you.

**Ms. Jacquie Maund:** We're also calling for investment in employment, housing and child care. Specifically, invest in building affordable housing, which will both create jobs and provide needed affordable housing. That need is urgent, with 124,000 households on the wait-list for affordable housing—a wait-list that can be at least 10 years.

We're calling for an investment in upgrading and retrofitting existing social housing. Public housing across this province is in disrepair, and it's estimated that it needs \$1.5 billion in upgrades.

We're calling for new dollars in the provincial budget to fund and expand early learning and child care. Tens of thousands of children are on the wait-lists for child care, and parents need access to affordable child care in order to get jobs or the training that they need to get good jobs. These measures would be countercyclical investments to maintain and create jobs, while providing affordable housing and child care that families need.

We're also calling for investment in education and training, specifically freezing university tuition and increasing needs-based grants so that people like Stacey can get access to the training they need for a good job. We're calling for quality training programs to support the move from welfare to work, from layoff to work, and a better-skilled workforce for the future.

To conclude: A study released last month by a number of noteworthy economists entitled the Cost of Poverty shows that poverty is costing this province \$10 billion to \$13 billion a year.

Investing in poverty reduction now represents smart government spending. It represents investments in healthier and stronger communities and a skilled workforce for the future. There's growing consensus from economists across this country that economic stimulus through deficit budgeting is what governments are supposed to do when the economy is sliding into recession. There's

strong public support for government action on poverty reduction. An Environics poll from September and October shows that 81% of all Ontarians support strong government action to assist and support low-income people, particularly during a recession.

As a member of the 25 in 5 Network for Poverty Reduction, Campaign 2000 calls for a significant investment of new dollars in the spring budget to shore up and implement the government's poverty reduction strategy. Thank you.

**The Chair (Mr. Pat Hoy):** And thank you. This round of questioning goes to the government. Mr. Arthurs.

**Mr. Wayne Arthurs:** Jacquie and Stacey, thank you both for being here early this morning and for your presentation, both from a structural organizational standpoint and, as you said, the face of poverty in many ways in this province. It's a great pleasure to have you both here this morning, and it's probably timely with the release of the poverty reduction strategy about to happen. It's a great opportunity to have you before us this morning.

We're all anxious to see what the Honourable Deb Matthews, through her work in consultation across the province, has been able to put together to see what the game plan is in essence. I'm confident that in our budget deliberations and in the minister's preparation of the budget certainly he'll be taking that message into account in substantive ways. I know the Premier has spoken very strongly to the need to keep our eye on the ball, so to speak, in regard to poverty reduction. In spite of the economic climate, it's not something that we can ignore in any way whatsoever. So I'm very anxious to see what we're going to hear from the minister and then subsequently how we're going to roll that out.

As you're aware, we have made some investments even as recently as this past budget, although it takes time to roll those out, on poverty matters, everything from dental care to nutrition programs, as examples.

I'd like to focus, if I could just for a minute, if you would, for me—there are a number of recommendations that you have here. For some of them we have strategies in place for incremental increases to the minimum wage that will roll into play again—I'm not certain whether it's February or March, but early next year—for another increment and then a third increment within our current plan.

One of the bullets says, "We also want to see the system of social assistance transformed so that it supports people to move out of poverty." Can you just take a minute or so, in addition to or within the context of this presentation, to highlight which were the key issues that you would see as important to achieve that particular goal in those transformations to help people move from social assistance and out of poverty? Certainly you reference issues around education as one of those, I think, but I'd really like to hear what you think are the key elements to be able to achieve that goal.

**Ms. Stacey Bowen:** If I may, I could speak to education. At the present time I would like to go back to



George Brown College and take the assaulted women and youth advocate program. The problem is that right now I'm on subsidy, and the program I want to take is a full-time, two-year course. If I do go back to school full-time, I have to take out an Ontario student loan, which is a lot of money, and it would jeopardize my subsidy. Also, I would have quite an amount of money to pay back at the end of the time.

So what's going to happen now is that I'm going to have to take the course part-time because I don't have the funds to do it any other way. What I'm going to do is, I'm going to have to use my social security money, which is quite low at the time, and budget that. If one course is \$145, I'm going to have to take \$145 out of my cheque. They'll probably give me three courses per semester at maybe \$100 and something each. So I'm going to have to take that money somehow out of my cheque and put it aside so I can pay per course because this is what I want to do, and that is going to put us farther, deeper down in the poverty line, because I do have two teenaged daughters who are in high school and are trying to get ahead.

**0840**

The other thing I just want to say: Education is very important. I teach my children to go to school every day. My oldest daughter's in grade 11; she's going to go into grade 12. But what happens then? As far as going to college and university, it's going to be the same cycle. Why should she go all this way to school and then have to be stuck at the end? She says, "Mommy, how are we going to do this?" and I said, "Well, we'll just come to that when we can."

So, thanks.

**Ms. Jacquie Maund:** What we're calling for is transforming the system of Ontario Works so that it doesn't provide these punitive and restrictive rules—we can give more examples of those separately—but actually supports people to move out of poverty through needs-based grants for higher education, for access to training that can get someone a good job, not just a minimum-wage job, because you can't lift a family out of poverty on minimum wage. So it's transforming the system to support people. Most jurisdictions have done this. Ontario's one of the last that has this very punitive system that traps people in poverty through rules and regulations that make it extremely hard to escape.

**The Chair (Mr. Pat Hoy):** Thank you.

**Mr. Wayne Arthurs:** Thank you for your presentation.

COMMUNICATIONS, ENERGY  
AND PAPERWORKERS UNION  
OF CANADA, ONTARIO REGION

**The Chair (Mr. Pat Hoy):** I'd ask the Communications, Energy and Paperworkers Union of Canada, Ontario region, to come forward please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would ask

you to identify yourselves for the purposes of our recording Hansard.

**Mr. Bob Huget:** Good morning, Mr. Chairman, members of the committee. My name is Bob Huget. I'm the regional vice-president in Ontario for the Communications, Energy and Paperworkers Union of Canada. Presenting with me is Ms. Josephine Petcher, who is a national representative with the same organization.

I would like to thank the committee for the opportunity to appear before you today. The Communications, Energy and Paperworkers Union of Canada, or CEP as it's known, represents around 145,000 members in diverse job sectors across Canada. Almost 50,000 of our members live and pay taxes right here in Ontario. We are the largest union in forestry, energy, communications and media.

Ontario has lost hundreds of thousands of manufacturing and forestry jobs over the past four years and our members have felt that pain. Many of these jobs were permanent positions with decent pay and benefits that supported families and provided a future for their children. These jobs provided a tax base that paid for public services such as health, education and infrastructure. They support consumer jobs. Employed workers make our economy and our communities strong.

Now hundreds of thousands of these jobs have vanished, with little hope for replacement. Pension plans turn out to be underfunded. Workers may find they have no right to severance pay and they're left scrambling to pay the rent or the mortgage. The human cost of layoffs is that people fall into poverty, they lose their homes, there is family breakdown and there are even suicides.

The Premier has said that workers in these sectors can relocate and transition to the "new economy." We're still waiting for this new economy and for all those new jobs, but frankly, we haven't seen them yet. We do not believe that an economy that doesn't produce anything can be successful, and we wonder what services such an economy that doesn't produce anything would require.

The CEP has some suggestions for this committee on what the government can do to help workers and the economy in Ontario right now. A corporate tax break isn't much help to a company that doesn't have a lot of income to report and is considering layoffs. We need measures targeted to the specific needs of those industry sectors in distress. The government needs to create a jobs protection commission to help keep jobs in Ontario in the short term and in the long term.

A jobs protection commission should have the ability to bring all the stakeholders to the table—labour, industry, all levels of government, environmental and First Nations groups, and the financial community—when there is a risk of a plant closing or downsizing. The commission should investigate the situation and ensure that every opportunity has been explored to determine if there can be a future for the business and how to help it happen. If a plant isn't viable, the commission can assist in obtaining retraining opportunities, job matching and other transition measures.

The federal government transfers money to the provinces to help vulnerable communities, and for transition programs for laid-off workers. The BC provincial government has convened a committee of union and industry representatives to make recommendations on how these federal funds can best be utilized, and Ontario should follow their example.

The commission should also have a mandate to promote longer-term job creation in Ontario. Stakeholders in distressed sectors such as manufacturing, forestry, and auto can be brought together to develop strategies for creating new products which are going to be around for the next 20 to 40 years, and give Ontario the longer-lasting green jobs that we need.

Such a commission could make recommendations on how machinery and worker skills can be updated or plants retrofitted so that these industries are more environmentally sustainable and have lower energy costs.

By working on these strategies proactively, we can have a 21st-century industrial base in Ontario, instead of a province at risk of turning into a rust belt.

The commission can look at investment incentives to attract business to Ontario, but these incentives must be absolutely conditional on job retention or creation. Any incentives provided by the public must have strings attached.

In the forestry sector, the CEP and the United Steelworkers formed a task force last year to study and make recommendations on how to improve the state of the forestry industry in northern Ontario. I have attached for the committee's consideration A Solutions Agenda for Northern Ontario's Forest Sector, which contains recommendations from that task force on resource-dependent communities.

There is one overriding reason we hear time and time again from companies about why they are shutting down, and it is high energy costs. Premier McGuinty appointed the forest sector competitiveness council a few years ago to issue a report on the forestry sector, and the report identified high energy costs as the biggest reason for the crisis.

Ontario used to be one of the most competitive jurisdictions in the world on energy, and this helped us develop strong manufacturing, forestry, auto and steel sectors. The costs around operating Ontario's electricity agencies have now increased more than 50% since hydro deregulation by the Harris government.

We're not just losing jobs because our products aren't wanted, by the way. These jobs are shipped across the border to the States, and the products are now being made there and sold right back to us.

If we want to keep and attract investment in Ontario, we need a competitive industrial hydro rate. The CEP has two recommendations for making energy costs less burdensome for businesses in Ontario.

First, a regional power authority for northwestern Ontario: It makes no sense to have an electricity pricing mechanism based on the idea that supply and demand set prices when we have almost 1,000 megawatts of excess

electricity stranded west of Wawa due to infrastructure restrictions. The CEP recommends that the government set up a regional power authority for the north to set rates and develop generating capacity specific to the needs of the north.

To help the rest of our industry sectors, the CEP recommends that an industrial hydro rate be set from between \$45 and \$55 a megawatt hour.

The pension benefits guarantee fund is grossly underfunded. The maximum monthly benefit that is covered by the PBGF should be increased to \$2,500 per month, indexed to increases in average wages in Ontario. PBGF premiums should be restored, with no special limits for large corporations. Funding rules should be changed to require employers, large or small, to fund all benefits that will be payable on a plan wind-up.

#### **0850**

Currently, employers are not required to have a pension plan. In fact, one of the original objectives of the Pension Commission of Ontario was to encourage pension plan coverage in Ontario. That has been eliminated from the mandate of the Financial Services Commission of Ontario, and it should be restored.

Another key issue that should be addressed is enhanced monitoring by FSCO. The supervisory powers of FSCO were greatly reduced under the Harris Conservatives. The employer is now the one responsible, for the most part, for ensuring that they comply with the legislation. This is akin to having the fox guard the chicken coop. The CEP feels that FSCO's resource allocation for monitoring pension plans should be increased and they should return to reviewing all of the documents filed with them.

CEP is in favour of mandatory inflation protection. The problem is that indexing costs a lot of money and no compromise we can come up with seems weak enough to appease employers. The CEP feels that pensions, both deferred and in payment status, should be indexed to the CPI.

**The Chair (Mr. Pat Hoy):** You have about a minute left for your presentation.

**Mr. Bob Hugert:** Oh, I'm going to be a little bit over.

Changes to labour legislation: There are measures the government can take to help workers in our slowing economy without spending a cent. The Employment Standards Act needs amendment. There are thousands of Ontario workers losing their jobs across the province and, frankly, many of them do not qualify for severance.

As well, access to unionization: With decent jobs disappearing and poverty rising in Ontario, employees need trade unions more than ever. We can help that situation by bringing back card check certification for all of the workers in this province.

Public safety is an important issue. The CEP believes that the TSSA should be made a fully accountable government agency. CEP represents over 5,000 members whose work falls under the TSSA. The recent disastrous explosion at the Sunrise Propane facility in Toronto is a tragic demonstration of the government trend toward



greater industry self-regulation in the areas of public health and safety. It is time to bring protection of public health and safety back into public hands.

In conclusion, the CEP has requested time and time again that Premier McGuinty convene a Premier's council of labour leaders, industry representative and senior government ministers to work toward job retention and creation in the province. We reiterate our request so that we can find solutions to the job loss crisis which is happening in almost every community in Ontario. Ontario workers and their families deserve nothing less. Thank you, Mr. Chairman.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to Mr. Barrett.

**Mr. Toby Barrett:** Thank you, Bob, for that presentation on behalf of the Communications, Energy and Paperworkers. Mr. Hudak has a question as well.

Just scanning your forest sector report, this committee several winters ago—normally we meet in February, the end of January—visited the Atikokan generating station. I know there have been several pilot burns of wood, the talk about potential rail haul down from Dryden. Nanticoke generating station has also done biomass burns, and one proposal is to access the St. Lawrence-Great Lakes area for wood for burning in replacement of coal. Have you people analyzed that at all? Does that make sense?

**Mr. Bob Huget:** First of all, there is a future for biomass generation in the province of Ontario. The question is the fuel source. We should not be using forest products, which could be used to make value-added products, to burn to generate power. The bigger problem here is that the length of delays and the hoops that companies have to go through to get any kind of approval for any of these projects would deter all but the bravest individuals. It is a situation that, frankly, hamstring a lot of companies from making the kind of progress they could make on alternative energy sources and cogeneration. Frankly, the restrictions that are put into the negotiating process and planning process with OPG are burdensome, cumbersome, time-consuming and scare most people away from trying to do something. So there needs to be a really close look at how that operation works in terms of facilitating not only large but the smaller cogeneration and alternative energy sources in this province.

**Mr. Toby Barrett:** Thank you.

**The Chair (Mr. Pat Hoy):** Mr. Hudak.

**Mr. Tim Hudak:** Thank you very much, Bob. I appreciate the presentation.

Pension protection: I wanted to come back to that. You made an important point, and certainly the news recently has talked about GM's unfunded liability that's upwards of \$4 billion to \$5 billion. They were given the too-big-to-fail exemption a number of years ago, which in hindsight has allowed them to proceed down this path. I know they're not your members, but do you have comments on that situation, and what other private company pension funds do you feel are also at risk?

**Mr. Bob Huget:** Maybe you folks follow the economy more than I do and may have more knowledge than

I do on that situation, but if you look at pension plans and their unfunded liabilities in today's reality, I don't believe that there is a pension plan in the province that isn't under significant pressures, that doesn't have the risk of not being able to live up to its responsibility under funding.

We have a pension benefits guarantee fund that provides a very minimal amount in the event that a pension plan can't. It's nowhere near adequate; it needs to be increased. We are finding more often than not, and I think we'll continue to find, that people who rely on benefits, who have paid into pension plans or had pension plans as part of their wage package, either deferred or otherwise, for 20 or 30 years, are going to find, first of all, that they don't have the benefit, or second, that because of financial circumstances of the plan itself, its benefits are reduced. So in my view, virtually every pension plan in this province is at risk of not living up to its obligations. It's certainly something that more and more people I speak with—not only my members, but the general public—are more and more worried about. They rely on a pension and they can no longer feel it's guaranteed to them.

The exemption era is over, as far as I'm concerned. Too many people now rely on a pension. They were guaranteed a pension and they've factored it into their wage packages. These are not gifts from someone; they are deferred wages that workers in good faith took into account in their total compensation package, and part of that was a decent pension. It's a big problem.

**Mr. Tim Hudak:** The Arthurs report came out roughly two weeks ago. It's pretty thick. I don't know if you or your members have had a chance to look through it yet, but if you have, is there anything that stands out there that you would like to underscore as important or recommendations that we should stay away from?

**Mr. Bob Huget:** I'm sorry, was it the Arthurs commission?

**Mr. Tim Hudak:** The Arthurs commission report, yes.

**Mr. Bob Huget:** We are in the process now of reviewing that, and it is pretty thick. We're going to do a thorough review, and I think once we've concluded that, we'll likely have something more to say along that line.

**Mr. Tim Hudak:** With respect to the hydro rates for northwestern Ontario, you made the point that a lot of energy is stranded there, so they should have a lower rate of electricity. You may know that I represent constituents in Niagara and in Hamilton, who then may say, "Well, we have the Falls and we therefore generate a lot of power for the province and should have a lower rate of electricity." How would you respond to that argument?

**Mr. Bob Huget:** The issue for the north: First of all, if you look at today's rate—and I know it's a complicated formula; it's not easy to figure out the rate sometimes—roughly, it's about \$70. For an industrial rate in the province, we're saying it should be \$45 to \$55. And the \$70 that's current is expected to go up. That's going to cause, and has caused, significant problems for people

who are high energy users, manufacturing goods and services in this province. So the rate is too high.

In northern Ontario, the situation is quite a bit different. They don't have the connection to the grid. They can't get into the grid to send it south. They are almost isolated up there with excess generating capacity that they can't do anything with. So our suggestion is, under that circumstance, because of its isolation, it's not the same as Niagara Falls. It's quite different; it's an isolated grid to itself. If you created a regional power authority there, let them figure out how to do their own generating capacity and let them set their own rates to recover the costs for that generating capacity, it would make sense. It would be that part of the province's solution to a problem of high energy costs.

**0900**

All of the industries up there are large users of energy. The problem is that they're paying supply-and-demand prices now and they have generating capacity that's virtually locked into that part of the province. It can't be put onto the grid.

**Mr. Tim Hudak:** Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your submissions.

**Mr. Bob Huget:** Thank you, sir.

#### ONTARIO COALITION FOR SOCIAL JUSTICE

**The Chair (Mr. Pat Hoy):** I now call on the Ontario Coalition for Social Justice to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, and if you'd just identify yourself for our Hansard recording.

**Mr. John Argue:** Good morning. Thank you for welcoming the Ontario Coalition for Social Justice. My name is John Argue. I'm the coordinator of the coalition. Our coalition consists of approximately 300 groups in different locales from around the province, from Kenora to Cornwall and from Windsor to North Bay. We don't have an active group in Timmins yet, but that will be corrected soon because we do want to cover the north. The north is obviously important.

What I've done is relatively simple, in the sense of giving you a two-page summary of recommendations, which is the result of extensive conversation among coalition members in the last year or two. These recommendations were agreed upon actually in the spring, but they're relevant for the pre-budget hearings because of the huge investment that we believe is necessary and appropriate to deal with poverty.

Here I am speaking before you four hours before I hear what the government is going to be doing, so we're looking forward to that with eager anticipation. But at the same time, while looking forward to it, we really want to emphasize that members of the coalition believe very strongly that it's vital that the budget follow up the announcement made this afternoon with an investment to

carry out that poverty reduction plan, and maybe go beyond it, because I don't know what's in it, of course.

I gather, and many coalition members believe, that child poverty is really important, and the government's cabinet committee, in talking about the development of this poverty reduction strategy, has emphasized the importance of child poverty. We agree. However, I think we would also add, though, that children are a part of families. So dealing with the poverty of families, dealing with the inadequate income that too many adults don't have—Oh, that's bad grammar. People don't have enough money. There's a certain percentage of the population that exists in poverty, and obviously we want to deal with that.

One of the interesting things I did this summer was to attend five of the government's consultations on poverty reduction. One of the interesting locations to me was Owen Sound. Owen Sound was particularly interesting because of its rural setting; in addition to the city itself, many people participating in the poverty reduction meeting in Owen Sound the night that the government had—excuse me, it was the labour council and the United Way that combined to have this poverty reduction meeting and then forwarded the information to the government. But what was clear was rural participation, and the daunting prospects of people, families, who were isolated from the services that we just take for granted in Toronto. I only live a few blocks away, so I can hop on a streetcar or a subway so easily, but in Owen Sound—just for the interest, my own pleasure, I stayed in Wiarton overnight at a bed and breakfast. But talking to people in Wiarton, I realized there's no bus transportation between Wiarton and Owen Sound. That kind of situation exists at other meetings I attended. In the Northumberland area—Cobourg, Brighton, Bowmanville—a number of towns that are separated by 100 kilometres or so have people living there in small communities facing similar kinds of things.

Poverty is a problem. If people on ODSP need to get to the welfare office to discuss with their adviser the need for more diet money or whatever it be, they face the prospect of having to go 60 or 70 kilometres to the welfare office and maybe being cut off, for goodness's sake, if they don't make a particular meeting, Gee, what can they do? There's no bus. Are they going to take a taxi? Obviously, they can't afford that.

What came home, I guess, to me in Owen Sound, just as an example—but as I say, true elsewhere in Ontario too—is the comprehensive nature by which poverty has to be tackled. So we're emphasizing more money—and I'll finish off with that—for adults and families.

Affordable housing was something that was really talked about in Owen Sound and in other meetings that I attended. Housing is such a huge cost that we all have to deal with, of course. Transportation, as I was illustrating, is daunting for people in rural areas in particular, where people just can't get around easily.

Aboriginals are another particular population that I want to deal with. We had a meeting just last Saturday,



actually. The coalition has two meetings a year, and we invited the Ontario Federation of Indian Friendship Centres to discuss with us their efforts at education. The essence of their presentation was that it's daunting for the friendship centres to present education in a really useful way for the aboriginal kids to tackle the high dropout rate, the horrendous figures. It's just embarrassing, as a white Canadian growing up in this wonderful country and living in this province but realizing that our First Nations, with whom we share this province, have terrible poverty statistics. If there's a particular group to focus on, I really hope this poverty reduction strategy deals with aboriginals as well as other groups. It's a particular group that really needs attention, just because of the terrible figures of the difficulties that the populations there deal with.

Why don't I just centre on the one belief which came up again and again at our meeting last Saturday in particular. I've been directed to say to this standing committee that we do hope—and, as I say, we're looking forward to the government's elaboration of its poverty reduction strategy today, and we look forward to co-operating and working with the government in that respect—part of that or, if it's not mentioned in the strategy, the budget in the spring, in a few months, does address income needs of adults and families by increasing the minimum wage and social assistance more than has been announced. That may be difficult for the government. I know we're in economic crisis, economic difficulty, and this government has increased both minimum wage and social assistance over the last few years, but those people earning minimum wage and people on assistance need more money. They're below the poverty line, even with the increases. With the increase announced by 2010, people on assistance will still be below the poverty line.

"Dignity" was the word that came out and was repeated at a number of our meetings, both in the summer at the poverty reduction hearings, and then at our couple of meetings when discussing what we wanted to recommend to the government. So to a certain extent, the poverty reduction strategy is tackling the issue of simple dignity of people without enough money to participate in society and bring up their kids so that those kids can be part of society too.

We urge this committee to recommend to the government that the budget make more money available to the people most needy in this province.

**The Chair (Mr. Pat Hoy):** The questioning will go to Mr. Prue of the NDP.

**Mr. Michael Prue:** Thank you very much. You started off and correctly noted that today is the long-awaited poverty reduction strategy report unveiling. The report itself, I would suggest, won't do much unless the budget that follows it puts in the resources to carry out whatever those recommendations might be.

You have made a pretty compelling case for aboriginal Canadians. Is it your belief that First Nations should be included in the poverty reduction, or is this something, as many people have said, that is a federal responsibility?

**Mr. John Argue:** Oh, no. I agree with your first suggestion that aboriginals certainly should be included in the poverty reduction strategy—aboriginals and members of First Nations, distinguishing between the First Nations people who live in the cities and the people who are still in bands—I don't know what the correct word is—those who are living on their lands around the province.

Surely it's just crucial—given the shameful statistics in this prosperous country and province, that aboriginals endure the kind of poverty that they do—in any poverty reduction strategy, dealing with elementary human rights, that we have to deal with everybody, every person in this province. I centred on aboriginals purposely, just because of the shocking and particular statistics of how bad the aboriginals' encounter—they're striving to participate in this society.

**0910**

It's interesting, you know. Two year ago, I guess—our group doesn't have all that much money to travel—I was able to get to Kenora, Fort Frances and Thunder Bay. It was fascinating, in speaking with people in legal clinics and a couple of health centres there, how important aboriginal concerns are to them, obviously, because of the larger aboriginal population. They said, "In regard to our concerns, when we're talking about immigrants and refugees and the demographic changes that are so clear and obvious and that we have to deal with in Toronto, Kitchener, Ottawa and London—that kind of concern isn't as large in the north." It's aboriginals and aboriginal concerns for towns all through the north. So it's absolutely crucial that aboriginals and First Nations have to be part of the poverty reduction strategy, and immigrant groups and refugees in the south and all those other particular groups, and women, for goodness's sake—the majority of the population—still are earning less than men for doing the same kind of work, just to throw that in. That's a significant point.

**Mr. Michael Prue:** Yes. In terms of the First Nations community, Ontario is a signatory to Treaty 9, which is the largest land mass area in Ontario. It goes all the way from the Quebec border over to near Thunder Bay and all the way up to the James Bay and Hudson Bay areas. That's Treaty 9. We have never really honoured that treaty in 102 years—to build infrastructure and go into the north and into the communities. Should there be things in the budget that do that after 102 years?

**Mr. John Argue:** I would hope so. I really believe that's appropriate. I think Ontario, dare I say, is in an easier position. "Easy" is probably not the best word. I lived in BC for a while, and the daunting prospect there of dealing with aboriginal and First Nations concerns is that there are not even treaties. At least, though, we have a treaty. At least we have the indication here that the mainstream community or the majority community has a treaty with the aboriginals and is willing to help them and to negotiate a good life for us all. When aboriginals are helped and aboriginal communities are helped to lead better, more prosperous lives, which contribute to them-

selves and to the whole province, then we all benefit. I think the poverty reduction strategy must be comprehensive and deal universally with the entire population in this province.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. John Argue:** Well, thank you and best of luck. I hope you get your recommendations approved in the budget.

ONTARIO SECONDARY SCHOOL  
TEACHERS' FEDERATION,  
PROVINCIAL OFFICE

**The Chair (Mr. Pat Hoy):** Now I call on Ontario Secondary School Teachers' Federation, provincial office, to come forward. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard.

**Mr. Ken Coran:** Thank you. Ken Coran, president of the Ontario Secondary School Teachers' Federation, and with me is Dale Leckie, who is our director of protective services.

There is no written submission available today. We will have one prepared for you by the January 16 deadline. I will introduce who we represent and, from there, introduce the topics and who we have spoken to to date. Then I'll turn it over to Dale to continue on with the actual contents of the document that will be coming in on January 16.

OSSTF is our acronym and we represent about 60,000 members across the province. Primarily, we're known for secondary school teachers in the public system. There are about 40,000 of those members. We also represent support staff members in the public elementary stream, in the Catholic stream, in the French public, French Catholic and also in the university sector. So we cover all gamuts of education from early childhood education right up to university.

There are six topics that will be covered today, and of those six, basically five have been presented in previous budget submissions. There is also the overlap when we present for the GSNs, the grants for student needs. So there is a bit of overlap between those two submissions.

The ones that we have previously presented are: school foundation grant funding for government initiatives; adult education; pay equity—which we've just heard in the previous submission; JK/SK; and early childhood education. So those five have been in previous submissions. They've also been presented to various ministries—finance, education and labour—but the one that Dale will start out with is one that was presented recently to the declining enrolment task force, which is obviously being chaired by Dave Levac and Eleanor Newman. It is entitled, basically, the school as the hub of the community. So Dale will start out with that aspect.

**Mr. Dale Leckie:** Thanks for this opportunity to present to you. I want to put it in context that we are looking at the economic realities out there and how the education system fits in, and the needs of the students and the staff.

The hub of the community is central to that and we see that, for the foreseeable future, the school is and will continue to be the hub of the community. The school is considered a safe, comfortable centre of activity, whether it's in a small community or in a neighbourhood of a large urban centre. Community planners use schools as central to the broader scope of their growth plans. They're designed for minimal travel times for most families to get to and they are, in most cases, the economic cornerstone to a community or a neighbourhood.

For property value purposes, you'll see in advertisements that proximity to a school is considered a great asset. Currently, it's considered a great asset for families that are moving into a neighbourhood that may have school-aged children. What we have to develop is that that school is considered a great asset for all members of the community, and that the utilization of that physical plant and its surrounding grounds is considered a great asset for all members of the community. I think the opportunity is there, and in this type of economic times the most efficient use of our existing resources is key.

We think that, over time, the participation of municipalities has to become more ingrained into supporting the education system and the physical plant of the school and the facility. Things like underwriting construction costs or maintenance and service costs, forgivable loans or partnership agreements with the municipality would ensure that that school stays in that community in an era of declining enrolment.

School boards will have to make tough decisions coming up as enrolment declines over this period, and if there is community and municipal support for maintaining that school in that neighbourhood or community, it will go far.

Other community ministries have services for the same age group of students that would fall into the school system. We think there needs to be more coordination through the school board and school system. The Ministry of Education goes to great lengths in order to establish criteria and data for the school-aged population, and that information can be used for other ministries to supply services to that school-aged population through the school system.

The use of the school facilities during non-instructional periods does continue to grow. There are more churches using the facilities on the weekend and other community use during the week, but we certainly see that the capacity is not reached so far and that there could be more use of the school in non-instructional time as enrolment declines, that the instructional need may be reduced, although the time frame shouldn't be, but the other community use certainly can grow.

In that vein, the school foundation grant established in the funding for education—by and large, a concern that



we see in this type of time is that the funding formula for education is largely enrolment-based. So school boards have to make tough decisions as enrolment declines because, I guess, the number of students to maintain a school is going under the critical mass needed. Therefore, the school boards have to support a larger physical plant with less funding due to enrolment costs.

0920

We see that if the school system is able to run smoothly in the foreseeable future, less funding has to be attached to enrolment and there has to be a guaranteed level of funding. If the school is going to remain open, then a guaranteed level of funding must be in place to provide the sufficient programs and scope of education for the system. If a tough decision is made to close a school, then all those criteria must be put in place, and certainly community involvement has to be part of the criteria in order to keep it open.

The incremental funding that goes to additional students in the schools is what keeps the broad program in place, including extracurricular programs. There is a significant amount of a student's environment that is in place in the school that is outside of the instructional day, and the amount of staff that can be in place in the school is essential to that type of program.

We have seen a large number of government initiatives that have come through in the last few years. Many of those did not have funding attached for the infrastructure and the staff in order to successfully implement some of those initiatives. I guess we're asking, in the foreseeable future, for planning to be done ahead of time. If an initiative is on the way, look at the infrastructure costs of that initiative. Look at the time it takes to successfully implement the initiative and the work to be done to put that initiative in place and prepare for that ahead of time.

Adult education is another major category we would like to address. We do know that Ontario Learns—Strengthening Our Adult Education System, a report produced by Kathleen Wynne, the Minister of Education, indicates that Ontario is committed to higher education achievement for Ontarians as well as lower unemployment, faster integration of new Canadians into the economy and having more children arrive at school ready to learn. We do feel—and there is much evidence—that a strong adult education system can help us achieve these economic and social goals. Other research has quoted: "Adult education and training can contribute directly to the goals of higher performance for underachieving students in the K to 12 system when the adults in their lives gain the language, literacy and numeracy skills that they need to effectively participate in their children's education."

In 2008, there was significant job loss in the manufacturing sector, certainly, and many of these employees would benefit greatly from access to a broad adult education system through the existing school board facilities that we have in place. No need to reinvent the wheel: The physical plant is there; the availability of the curriculum

is there. If proper funding is provided, then these systems can move ahead.

**The Chair (Mr. Pat Hoy):** You have about a minute left.

**Mr. Dale Leckie:** Sure.

We think pay equity, as you heard in our last presentation, is essential. As OSSTF, we consider it accounts payable, not required new funding. There certainly either has to be the funding provided to the employers to ensure pay equity is in place or a system to establish a pay equity settlement in a sufficient time frame.

Lastly, junior/senior kindergarten, a key issue brought on by the government for early childhood education: We know that Dr. Pascal has recommended that the best way to implement this is co-operation between an early childhood educator and teachers working co-operatively in the system. OSSTF agrees that this format is the best way to both efficiently and economically provide the program. We look forward to that being implemented in the near future. Thank you.

**The Chair (Mr. Pat Hoy):** And if you provide your written submission, the clerk will ensure that all the members get a copy.

**Mr. Dale Leckie:** Thank you.

**The Chair (Mr. Pat Hoy):** This round of questioning goes to the government. Mr. Arthurs.

**Mr. Wayne Arthurs:** Dale and Ken, thank you both for being here this morning. Probably there are a number of us, if not around this table then certainly within the Legislature, who have a history with OSSTF. Quite frankly, it provided me with an opportunity, by that kind of experience, to launch myself into what turned out to be a career. It was intended to be some modest community service as a local councillor in a small town. Nonetheless, I thank OSSTF for that opportunity, in effect. It certainly has left me in good stead within my community.

I'm really interested, obviously, and remain so, in this morning's presentation around how we make use of our schools as community hubs. It's not a new theme but this time is as good as or better than any to continue that dialogue and to ramp it up to some extent. We've got a huge investment in the physical plant. It should be a place for collaboration between the school board, municipalities and the province, who all share in the decision-making on the funding model, not to exclude those who work in those buildings, both professionally and those who want to use them in the community.

Just on the adult education side, and maybe a few other comments: If you're in adult education, for those in my generation, the first thing that clicks into mind is night school. That's all changed, at least to the extent that it should have changed or should be changing. What are your thoughts on how we make use of the schools in today's economy, today's environment, the way communities have changed to use that infrastructure for adult education and get ourselves away from "It's night school," it's kind of an afterthought to plug in when nothing else is going on? How better can we use that capacity on an extended time basis over the course of the day?

**Mr. Ken Coran:** Sure. The majority of courses right now would be focusing around English as a second language, kind of a continuing education situation. I think we have to focus on the skills that anyone who is displaced from a job, unfortunately, because of the economic crisis—we have to analyze what skills are required for that. As we've said in our presentation, all of that infrastructure is in place if it's manufacturing, if it's more computer skills etc. Everything is already there, so it's just a matter of coordinating various ministries so that kind of amalgamation can actually take place.

**Mr. Dale Leckie:** I'd like to add that we do have very successful models of integrating some day-school students, under-21 students, with adults in day-school classes. It works very successfully with some of our at-risk students. If they're in a room with adults who are there to learn and be retrained, it does create a positive learning environment for both groups.

**Mr. Wayne Arthurs:** As much as we can expand this dialogue, I'm all for it.

I think Ms. Pendergast may have a question as well, time permitting.

**The Chair (Mr. Pat Hoy):** Ms. Pendergast, we have about a minute and a half.

**Ms. Leeanna Pendergast:** Thank you, gentlemen, for your presentation. It's a pleasure as a teacher and an educator of 21 years to hear OSSTF come from the perspective that you're coming from today. I'm thrilled to hear you talk about schools as community hubs. The first publication I ever wrote was called *Schools Are Where The Kids Are!* That's where the kids come every day: So what can we do to pool our resources? In times of fiscal restraint right now, the idea of partnerships—that being part of this government's five-point economic plan to build these partnerships.

As you know, we as a government have already done great things in schools. We've put more adults in schools, more staff. I have the privilege of sitting on the safe schools action team, so we continue to look at how to make our schools safer; a student nutrition program.

But at the end of the day, we do talk about those instructional hours, as you know. So my question is one that I've struggled with for 22 years as an educator. How do we build those partnerships in the community? I'd be fascinated to hear where OSSTF stands on this, given that you know the parameters of the collective agreements, you know the parameters of the school day. How do we reach out and collaborate and continue to build those partnerships in what you call the guaranteed level of funding so it's systemic, it's sustainable? What would you recommend?

**Mr. Ken Coran:** The first thing I think the government did, and did very wisely, was establish that declining enrolment task force. As part of the dialogue that we had in those round table discussions, we offered our services to help in whatever way we could. At one point we talked about almost a separate ministry that would then talk to the other ministries to kind of bring it all together, involving the unions, especially, as to how best

to achieve that so there's no cross—I won't say interference, but certainly making sure that all the boundaries are known.

Our belief is that the school system has it all, so it should all be filtered into the school system and then branch out from that. Ministries such as the Ministry of Health and the Ministry of Community and Social Services can be very easily coordinated through that central body if a new body was created and those services provided in the school system with, obviously, the involvement of the unions to make sure that there was no in-fighting and that everything went smoothly. It's a complicated process. The more people you involve in any setting, the more complicated things get. So we would like to really sit and plan it strategically so that it does work and it doesn't fail at the beginning.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

0930

#### COUNCIL OF ACADEMIC HOSPITALS OF ONTARIO

**The Chair (Mr. Pat Hoy):** Now I call on the Council of Academic Hospitals of Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I just ask you to identify yourselves for the purposes of our recording Hansard.

**Mr. Murray Martin:** My name is Murray Martin. I'm the president and chief executive officer of Hamilton Health Sciences. With me is Mary Catherine Lindberg, who is the executive director of our council. The Council of Academic Hospitals of Ontario, CAHO, represents Ontario's 25 academic hospitals.

Academic hospitals have a complex role in our health care system, and it is not always well understood. Like other hospitals, we provide a full range of patient care to our communities, but we are also where the sickest patients come to be treated. Patients from across the province are treated in academic hospitals when they require access to the specialized and complex care that only we are able to provide.

Academic hospitals also have a mandate to teach. We train 20,000 students annually, including physicians, nurses, health care professionals and graduate students. We train 90% of all medical residents and 99% of all clinical fellows in the province. We conduct research and pursue innovation in health care; 80% of Ontario's health research takes place in our hospitals. Universities and the private sector together account for the remaining 20%.

An academic health centre is often described as a three-legged stool: clinical care, teaching and research. All are needed to keep the stool standing. They are absolutely reliant on each other. Those who work in the academic hospital environment, from internationally recognized physicians to specialized nurses to dedicated staff, do so by choice. They choose to work in a vital and vibrant environment that is focused on excellence and innovation.



Today we would like to focus our comments on the research leg of our academic health science centre stool. Why? Because health research is crucial to a knowledge economy, and as you all know, a strong knowledge economy is key to our province's future.

Let me repeat something I just said: Ontario's academic hospitals and the health research institutes we encompass are responsible for 80% of all of the province's research. That means we alone generate over \$850 million of research activity annually. Today, our province is the fourth-largest biomedical research jurisdiction in North America. Our own base of 10,000 researchers generates an enormous spin-off economy of new jobs and commercial opportunities. These knowledge jobs are what the province of Ontario needs to create the future for our province.

Self-sustaining momentum in the area of health innovation is achievable. Two very important levers for success are easily within reach, and they are what we would like to focus on today.

The first is the creation of an arm's-length government agency to drive the health research agenda in Ontario. This agency would bring government, researchers, academic hospitals, the private sector, universities and the public together to ensure the best health research is translated into the best health care delivery and, at the same time, fosters growth of our knowledge-based economy. Ontario lags behind most other Canadian provinces and other jurisdictions in this regard. Since launching its health research foundation in 2001, British Columbia's share of national research awards has grown from less than 9% to more than 12%. Ontario, by comparison, has been seeing a downward trend in terms of its share of national research funds.

Second, we need to support health researchers to come to Ontario, to stay and to be successful. In terms of public funding support for health researchers, again Ontario lags behind the pack. Successful innovation is dependent on our ability to attract and develop the best researchers in the world. Ontario is not unique in its quest to attract the finest. Internationally, other jurisdictions have publicly funded recruitment and retention strategies. Closer to home, other Canadian provinces offer ongoing salary and training awards to health researchers. Alberta commits 70% of its annual research fund to salary and training support; BC allocates over 60% of its government research funds to researcher salaries and training; and Quebec, Nova Scotia and Manitoba make similar significant contributions. Here at home in Ontario, the government's contribution to health research support constitutes only 7% of its total investment in health research. Forty per cent of the researchers we've lost have gone to other provinces.

This gap may be the result of a misunderstanding. Health research does not pay for itself. For example, research grants do not cover researcher salaries and training. So, here in Ontario, our hospitals fund many of our researchers by providing stop-gap and one-time types of support, paid for largely through our own fundraising

efforts. When times are good, this is a barely adequate strategy; in times like these, it is unachievable.

Another misunderstanding may be that a promising new discovery emerging from a hospital is taken up by industry right away; unfortunately, such is seldom the case in our province. It falls to our research institutes and their teams to develop products further to move them forward to market. Of the 87 Canadian companies that have been recently identified as the spin-off of publicly funded health research in Canada, only 28 are in Ontario. Most Ontario innovations end up going south of the border, unfortunately.

Current funding mechanisms for our hospital-based researchers lack strategy and stability. The escalating costs of health delivery have placed increasing demands on hospital foundations for clinical infrastructure that force support away from researchers and training needs. The recent success of our provincial hospital-based research enterprises in the Canada Foundation for Innovation research hospital fund competition has further increased the pressure on hospital foundations. Ontario hospitals won \$315 million of an available \$426 million in awards. But this comes at a price, as hospital foundations are now responsible for raising, through charitable philanthropy, an additional 60% matching funds for these awards, as no funding support has come forward from our province.

We are driving enormously significant and exciting research here in Ontario. Ontario is playing a lead role in realizing the explosive potential of today's biomedical research. We should all be very proud of where we're at.

Our status in the world of health research helps us to attract the best and the brightest here. But we need to keep them here, and that requires stable support. We're asking to partner with the Ontario government, and the public in sending out a signal that Ontario is the place to be if you are a bright, young researcher. We require a collaborative and highly strategic health research agenda to support our enterprise, and we require support for the base of that enterprise: young researchers. In return, we promise you solid economic return on your shared investment. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning will go to the official opposition. Mr. Barrett.

**Mr. Toby Barrett:** Thank you, Chair, and thank you for the presentation this morning. In referring to the 25 research and teaching hospitals, you make reference to 10,000 researchers. What would be the breakdown, as far as sources of income, like research grants? What percentage would—let's suppose that part of their project is a research grant. How many of these researchers have full-time jobs? Are some of these part-time? Are they also, say, teaching at U of T at the same time? How does this shake out? I assume it's not—

**Mr. Murray Martin:** Those are certainly all very good questions. A very large number of the 10,000 are, in fact, full-time positions. Many of the researchers are on university faculties and actually contribute very significantly to the universities on the educational side.

One fact to differentiate, though, is that in actual fact it's the principal researcher that we have trouble finding funding support for. If somebody is very successful in getting a major grant from CIHR—Canadian Institutes of Health Research—that will pay the salaries of their technicians and their lab support staff, but there is no funding support for their salary. So it is our foundations that we rely on for our 100% researchers to provide the funding support.

0940

In Toronto, you would be very familiar with the foundation activities, for example, at Princess Margaret, their very large lottery. People wonder. They're very successful in raising some \$15 million a year through their lottery; that money goes to support these core researchers. Our challenge is that in tough times, again, philanthropy is going to be down. We do know our foundations are not going to be anywhere near as successful in the next three, four or five years as they have been in the past. As I said, where that money just barely allowed us to support these researchers, we're not going to have that money in the future. We rely very heavily on endowments and investment income. That is going to be down as well. So we're very worried about where the support is going to come from.

**Mr. Toby Barrett:** You make reference to the BC Health Research Foundation. You call for the creation of an arm's-length government agency for research. I spent 20 years with the Addiction Research Foundation, and we went through this in—I think it was the 1970s—a proposal for what was called health research Ontario in the Bill Davis-Dennis Timbrell era. It didn't go anywhere; it was not only to pull in our organization, our clinical institute, which was a research and teaching hospital that closed in the 1980s recession, but also to draw in the cancer society and the Heart and Stroke Foundation, as I recall.

Has there been any pickup on this, and do you know what happened to that other proposal—health research Ontario?

**Mr. Murray Martin:** You have mentioned several other bodies that we rely on and that certainly do help us, like the Heart and Stroke. But there never has been an Ontario agency created, by example, as in BC, Quebec and Alberta.

**Mr. Toby Barrett:** As far as the 25 academic hospitals—I don't have time to read these reports, but you were talking about product development or commercialization of research, I assume. How many patents a year would the 25 hospitals produce? How can we measure this as far as invention—

**Mr. Murray Martin:** Our council does have some of the data. The number of patents would, frankly, be in the thousands. There are a lot of patents issued. Our challenge is that there isn't good take-up of those patents to take them forward to commercialization. We're very supportive of the creation of ventures such as MaRS, because that is creating an environment where you bring together the private sector, venture capitalists etc. with the research ideas.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### CANADIAN UNION OF PUBLIC EMPLOYEES, ONTARIO DIVISION

**The Chair (Mr. Pat Hoy):** Now I call on the Canadian Union of Public Employees, Ontario division, to come forward, please.

Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I'd ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Sid Ryan:** I'm Sid Ryan. I'm the president of CUPE Ontario. Joining me today is Shelly Gordon. She's a researcher with CUPE.

I'd like to thank the committee on behalf of CUPE's 22,000 members in Ontario who work in municipalities, universities, utilities, long-term care, social services, hospitals and schools. The provincial budget has a significant impact on CUPE members as residents and taxpayers, as service providers and caregivers, and as workers in the broader public sector.

As I make this submission, there are a number of CUPE members outside the Legislature today from our long-term-care sector. For several years now, they've called on the Liberal government to make funding investments in the hands-on care that they provide to residents. In particular, we're talking about three and a half hours of direct nursing care on a daily basis.

The Liberal government must not resolve the economic crisis off the backs of Ontario's elderly and nursing homes. The government must follow its own funding commitments made in the March 2008 budget and add investments to ensure adequate staffing levels in nursing homes to provide better hands-on care for residents.

Economists are saying that we're in a recession. The economy will shrink next year and won't start to recover until some time in 2010. I'm sure that the government and the NDP members of this committee will agree with me when I say that the federal Conservative government's response last week to the global economic recession is wholly inadequate and even dangerous. I am encouraging the Dalton McGuinty government not to make the same mistake in this coming budget.

The situation is already bad. The overall global downturn and crisis in the financial sector comes on top of Ontario's crisis in the manufacturing and forestry sectors. Over 250,000 jobs have been lost. The auto industry, which underpins so much of our economy, is collapsing. The unemployment rate in northern Ontario is already over 10%. Oshawa recently reported a 70% increase in the number of people claiming unemployment insurance over last year's numbers. Working people are watching their retirement funds evaporate as markets fail. Even Bay Street workers are losing their jobs. Construction and housing sales are slowing, food bank use is up, governments around the world are pumping money into their



economies. Even the IMF is calling on governments to stimulate the economy. They are saying that what governments should be doing is investing at least 2% of the GDP on a stimulus package. For Ontario, this would mean approximately \$12 billion, recognizing, of course, that that would be shared by the federal and municipal levels of government in addition to the Ontario government.

In the face of these calls for economic investments, Ontario can't make the same mistake as the federal government and do nothing but make cuts. Ontario's coming budget must be a substantial and robust response to the economic downturn. Now is the time to respond with countercyclical measures; now is the time to invest in social and physical infrastructure. But recently, the Premier advised Ontarians to continue to shop and spend. He sounded much like the Prime Minister a few months ago, who thought the global meltdown was a momentary blip. While CUPE members spend their hard-earned wages on houses, groceries, clothes, and car and bus transportation, it is up to your government to come up with a strategic economic plan.

Working people did not create this economic crisis. They shouldn't be paying for it with the loss of their livelihoods. You can't turn this around by cutting jobs, cutting wages or cutting services. Economists around the world are saying that the government programs are a key economic stimulus. No one who understands that and the importance of public funding as the basis for our economic stability is calling for restraint. CUPE Ontario is calling on your government to show vision and strength at this key juncture and put forth an economic stimulus package for Ontario that would: accelerate investments in social infrastructure like health, education, housing and a social safety net to maintain services and jobs in local communities; increase and speed up the funding of infrastructure projects such as transit, water and clean energy, rather than \$50 billion worth of investments in nuclear power; boost construction of affordable housing and retrofitting; and provide investment in key sectors like manufacturing and forestry.

We have seen that it's too dangerous to leave it to the markets to decide, because even in the boom years that just ended, we want to remind you that not everyone did well economically. These are the types of stimuli the federal Liberal Party is calling for in their policy, so please, let's have some consistency between your federal cousins and the Liberals here in Ontario and follow the same principles that they're espousing now with the new coalition.

However, investment in social infrastructure must also include measures to alleviate poverty. A year ago in front of this committee, we called on the government to adopt the following anti-poverty measures—and I do want to acknowledge that today you're announcing the 25 in 5 plan, which I think is certainly a step in the right direction, but also we'd like: the expansion of the not-for-profit regulated child care sector; restore card check certification for union organizing—there's no better

hedge against poverty than allowing people to freely join a trade union so they can raise their standard of living and their wages; raise the minimum wage to a living wage; and update the Employment Standards Act to protect precariously employed workers.

#### 0950

It is time to start thinking of public services as the social infrastructure that helps reduce poverty and equalizes income disparity in our society as investments in our future economic stability. Adequately funded public services are even more important during an economic downturn than during the good times. Investments in social infrastructure should be part of any economic stimulus package to mitigate the downward spiral effect on economic turmoil for the following reasons:

- Public services protect our vulnerable citizens;
- Public services generate decent jobs in our communities;
- Public services bring funds into the community through wages and through the purchase of goods and services;
- Public services help those without jobs get through tough times and train for new jobs.

Infometrica calculates that \$100 million in provincial spending can have the direct effect of creating about 25 person-years of direct employment, depending on the salary and benefits, almost 15 person-years of indirect employment through the purchase of goods and services or construction, or almost 11 person-years of employment through the purchase of goods and equipment by suppliers to governments. The induced effects, or multiplier effect of this spending over five years is about a 25% increase in jobs. The reverse of course is also true. Cuts to provincial government spending have direct and indirect job loss effects. Investing in social infrastructure is a far more effective economic stimulus than tax cuts.

CUPE calls on the provincial government to speed up its own infrastructure investment. We also call on the government of Ontario to abandon the AFP or the P3 model for infrastructure projects. It has never been a good deal; it's even more expensive in the credit crunch.

Even Jacques Lamarre, CEO of SNC-Lavalin, one of the world's largest engineering and construction companies, who expects millions of dollars in federal infrastructure spending, says that P3s should be avoided now because they are too slow and too complex.

Given the underlying transformation of Ontario's economy through the loss of manufacturing employment, the Ontario government must invest in infrastructure and procurement spending in the development of green jobs—employment in industries that take advantage of the shift to renewable energy resources, recycling, greenhouse-gas-free transportation and manufacturing and infrastructure that meets the challenge of global climate change.

We need the Ontario government to show leadership in strengthening our economy through investments in people and social infrastructure, such as improving health care, education and social services, and increased funding

to rebuild our public infrastructure, with a strong focus on energy efficiency.

Lastly, I'd like to say that I really believe that this is an opportunity for governments and business and labour to come together. I would hope that your government would take a lead in putting together a hydro task force or some form of a council.

I've just been to Europe recently and most European governments are engaging the trade unions and business in a partnership in terms of how to get out of this economic crisis. I would put it to your government and your Premier that I believe it's time to bring those three components together to deal collectively and more effectively with the crisis that's before us. Thank you for taking the time.

**The Chair (Mr. Pat Hoy):** And thank you. Questioning will go to Mr. Prue of the NDP.

**Mr. Michael Prue:** I listened intently, but I didn't hear you give a figure. You are suggesting the government has to do a stimulus package. The government is presently running about a \$500-million deficit. How much more money are you advising the government put forward, which might result in a deficit, or most assuredly will result in a deficit, and how high?

**Mr. Sid Ryan:** Well how high I guess depends on how deep this crisis is going to be. If you follow the IMF's recommendations of 2% of GDP—we reckon that's about \$12 billion for Ontario—you would have to reckon that the federal government has to pay up their share of that and municipal governments would bear some of the costs in their infrastructure programs. Our economy is roughly one third the size of Canada, so I guess you'd be looking somewhere in the order of about \$4 billion, I would reckon, but that's not scientifically worked out. I don't know exactly what percentage of the GDP Ontario's responsible for with respect to the Canadian economy.

**Mr. Michael Prue:** But you would see something in the \$4-billion to \$5-billion range as not being unreasonable, given the circumstances?

**Mr. Sid Ryan:** Absolutely not. I recall back in the 1990s that we had a similar downturn, not nearly as bad as the one we've got right now, and I know that the NDP were castigated at the time by the Liberals and the Tories for running a deficit, but now I'm not hearing any respected economist anywhere in the world saying that you cannot spend your way out of this economic crisis because we're in danger of hitting a deflationary cycle. If that happens, we are all in serious trouble, in the public and in the private sectors.

Clearly, the IMF see this as a major problem, and they see that governments need to invest heavily in their infrastructure and job creation programs.

**Mr. Michael Prue:** You talked about some of the places of stimulus. You mentioned health, education, housing and social safety nets. Where would you put the priority? You mentioned them all, and I'm sure the government will want to know—will have to have some kind of priority. Do you think we get our best bang for the

bang by social safety nets—that poor people would take the extra money and immediately spend it? Or do you see it in terms of housing, which is desperately a need, that would put construction workers to work, or in transit that would have construction and transit workers and people in Bombardier making transit vehicles? Where do you see it?

**Mr. Sid Ryan:** Personally, I think I would opt for those who are living in poverty, those who have lost their jobs. I think the most vulnerable of people should first be looked after, for the reasons that you're talking about. They're the ones who are most likely to recycle the money back into the economy. They will keep it local, in their own communities, so smaller communities will also benefit.

You take a place like Oshawa that has had a 70% increase in unemployment in the last year or so. There are about 5,000 or 6,000 more people now on unemployment in the city of Oshawa, to say nothing of the spinoff in the communities all the way around. Those folks are desperately needing some help right now. I think they have got to be the number-one priority.

After that, I guess, would be the creation of jobs, helping industry to maintain those jobs and maintain the manufacturing base, what's left of it in this province.

**Mr. Michael Prue:** In terms of creating the jobs, we have been advocating a Buy Ontario policy so that the Ontario government, municipal governments, that whole MUSH sector and government agencies look to buy Ontario products first and foremost, to stimulate the economy and help the people who are working here. Is that a strategy that should be looked at?

**Mr. Sid Ryan:** It's part of the strategy. It's absolutely ludicrous that with the free trade agreements we've got, where we're shipping our jobs offshore, the little bit that remains back in the economy—that somehow we would be outsourcing that as well. It's just beyond comprehension. Clearly, we've got to have a Buy Canadian and Buy Ontario policy that keeps the jobs here in this country and not be exporting these good manufacturing jobs offshore. I don't know how any government can live with themselves by contracting out the work of Canadians anywhere outside of our borders.

**Mr. Michael Prue:** Thank you.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation.

**Mr. Sid Ryan:** Thank you very much. I appreciate it. Thanks a lot.

#### CERTIFIED MANAGEMENT ACCOUNTANTS OF ONTARIO

**The Chair (Mr. Pat Hoy):** Now I call on the Certified Management Accountants of Ontario to come forward. Good morning. I've seen you sitting there, but I'm compelled to tell you that you have 10 minutes for your presentation, five minutes of questioning—and if you'd identify yourself for the purposes of our recording Hansard.



**Mr. Merv Hillier:** Certainly. Good morning. My name is Merv Hillier. I'm the president and CEO of the Certified Management Accountants of Ontario. With me is Angie Brennand, who is our director of public relations and government affairs.

I'd like to begin by thanking the committee for the opportunity to present and discuss the Certified Management Accountants of Ontario's priorities for the 2009 provincial budget.

As a brief introduction, the Certified Management Accountants of Ontario or, as we're better known, CMA Ontario, is a self-governing professional organization that awards the certified management accountant designation, the CMA, to qualified candidates in the province. This is after going through a two-year rigorous program.

We are an integral part of a profession that has 50,000 members across Canada, with half of those in Ontario. Ontario's 24,000 CMAs are accountants, controllers, directors, managers, CFOs and CEOs of businesses across the province and in all sectors of our economy. The role that CMAs play in the business community makes us among the first to feel and experience the changes in the economy and the impact of fiscal uncertainty.

Let me also add, I've spent 30 years in business and manufacturing and distribution in high-tech and automotive businesses, so I can also appreciate and understand where our members are coming from, when we present this to you.

With that as background, I would like to focus now on the key budget priorities that we feel, as CMAs—we surveyed our members back in mid-November. As you will undoubtedly understand, economic leadership to restore confidence—and I'm going to repeat that—economic leadership to restore confidence—to the stakeholders in Ontario's economy is the number one priority that our members cited in our survey for the 2009 budget. They must have confidence in their leadership and the direction being set in order for them to spend and invest in Ontario.

1000

Drilling down into the meaning of economic leadership, CMA Ontario is calling for a comprehensive economic plan that deals with short-term actions to help weather the current economic storm and, in addition, a long-term strategy to increase Ontario's prosperity and competitiveness in order to take advantage of what may be before us in the years ahead.

The time I have with you today will not permit me to outline each of the recommendations contained in our submission in detail, but I want to summarize what we believe are the three critical elements of the economic plan, and these are:

(1) There must be, obviously, as you've heard so many times, a short-term stimulus package to create jobs, but that's short term.

(2) There must be a new longer-term economic model for Ontario, so we must revisit our business model in Ontario.

(3) There has to be, in order for the new economic model to be developed and also to be executed, a co-

ordinated, multi-government public-private approach to get us there. It cannot be done in isolation.

To begin, our members recommend elements of a short-term stimulus package to stem the current decline and encourage immediate job creation. This includes components such as infrastructure investments, training and investment incentives, but also lower-cost measures such as reducing the regulatory burden. If you want growth in Ontario, then you have to make it easy for business to do business here.

Let me speak about these in further depth. Investing strategically in Ontario's infrastructure network is a stimulus that is an overriding recommendation of our members. It serves two purposes: fostering short-term job creation while at the same time strengthening Ontario's economic fundamentals and improving future prosperity. The recommendation to invest in infrastructure should not be mistaken as a rallying cry simply to fix potholes or repave roads. That's not what it's about. It is about a call to government to maximize the use of technology. We should be preparing Ontario for the 21st-century economy through strategic investment in IT, enhancing online services to the government, infrastructure to increase Canada-US trade flows and strengthening traditional and renewable energy sources.

CMA Ontario members are also calling on government to expand training and investment incentives. But there's no point putting money into training and investment incentives unless we know what the direction of our new business model is going to be. These tools can help Ontarians and our businesses upgrade their skills and facilities, transitioning from traditional economic fields into emerging industries.

We must also support the entrepreneur, who will be the catalyst for future growth and prosperity. The question the budget must answer is how to pay for these short-term initiatives. To this end, CMA Ontario members expressed their support for the government preserving its core economic and social fundamentals; 52% of our members in Ontario support running a modest deficit during this difficult economic time. Low-cost measures to attract and retain businesses are also recommended as our members believe that more can be done to reduce the provincial red tape, the bureaucracy, that they experience.

A second prominent priority for CMA Ontario is the need to develop a long-term plan that would accomplish two key goals: diversifying Ontario's export base and repositioning our overall business model to transition from traditional industries to emerging industries.

We need a long-term plan to reposition ourselves from the traditional to where the new, emerging economy is going. Some 80% of our members are concerned that we are too closely linked to the economy of the United States, and they believe that there should be government support for increasing ties to the BRIC countries, those being Brazil, Russia, India and China. These nations, in spite of the economic and financial crisis, are still expected to grow between 5% and 8%. If we had that here in Ontario, we'd be very happy. Therefore, even in

spite of the challenges that we see here in Ontario, there are still considerable opportunities in the emerging countries for us to send our exports to. These nations are projected to grow, even during this downturn, and we need to be part of it. In this regard, CMA Ontario was pleased with the establishment of the Ministry of International Trade and Investment. It is our hope, though, that the ministry will actively encourage the diversification of exports to other countries by participating in more trade missions with emerging economies, promoting Ontario more vigorously overseas and establishing more trade offices in foreign countries. When I travel in Asia and the Middle East, there's a cry, "Where's Canada?" The government needs to support our businesses so they know where the opportunities are.

In addition to turning to new markets for trade relationships, CMA Ontario believes a fundamental rethink of our economy as it is currently constituted is required. Developing a long-term business model for Ontario with reduced focus on traditional manufacturing and increased focus on emerging industries and innovation must be a key strategy that if ignored will just simply mean a continuance of the same cyclical fiscal, financial and economic challenges that we've seen in the past.

In that regard, our members recommend further investment in and support for industries such as high tech, advanced manufacturing, environmental and green technology, biotechnology and other knowledge-based sectors. Attracting or incenting these types of industry to develop and locate in the province will place us on a stronger financial footing in the future as traditional manufacturing activities decline, lose favour or go through a restructuring.

Finally, and probably most importantly, our third recommendation is an integrated approach to solving the current economic crisis. Ontario's economy and financial markets do not operate in isolation, thereby creating a need to collaborate with all levels of government, as well as representatives of the academic and business communities. Ontarians are looking for your leadership in working together with your partners and with us to develop and execute a plan that addresses the needs of all involved and reduces the likelihood of duplication of effort. This cannot be done in isolation. It must incorporate thought leadership from our brightest minds.

In closing, I want to assure you that our members remain cautiously optimistic about Ontario's future economic outlook even for this year. While they definitely recognize that Ontario's in a tough economic situation, surprisingly a strong percentage—almost 60%—are confident that their businesses will perform similarly or better in 2009 than they did in 2008. This optimism among Ontario's strategic management accounting professionals is good news in this climate of uncertainty but it also should be the foundation our government builds our future upon.

On that positive note, I want to thank you again for the opportunity to make this presentation. Additional details are in the handouts that we gave you, and I'd be happy to answer any questions. Thank you very much.

**The Chair (Mr. Pat Hoy):** And thank you. This round of questioning goes to the government.

**Mr. Wayne Arthurs:** I want to thank you very much for the presentation. Actually, my first question was going to be—you've answered it in part. You mentioned that CMA was among the first to feel changes in the economy. So you were first to feel this going in. My question's going to be, what are your feelings about us coming out? Your final comments, at least in a small way, expressed some optimism. Do you want to take just a minute of the time and expand on the—obviously we're intensely interested in where we are. But we are equally interested in whether the light at the end of the tunnel is really a light at all or whether it's simply the train coming at us still.

**Mr. Merv Hillier:** It's an interesting question, and I'll repeat it just to make sure I understand what you're asking. Do our members see where the light is at the end of the tunnel? Basically that's it.

Certainly, our survey doesn't give us a response to that specific question, so I can't give you any specifics from our members who might say what we see on the horizon is a move away from this economic downturn. I don't think we've travelled through it far enough yet, and there's still probably too much uncertainty. Certainly in the survey from our members, what we would take from it is that there's still a lot of uncertainty and they wouldn't, at this point, I don't think, be able to quantify or qualify it in saying, "We would see a turnaround coming in six, 12, 18 months." I think it's just too early.

1010

**Mr. Wayne Arthurs:** Two other questions; I'll give them both to you, and then the Chair will tell us we've run out of time.

The first one would be around the infrastructure investment stimulus. You mentioned high-speed Internet broadband as a priority. If you want to comment a little more on that, because I'm a big believer, have been for a period of time and continue to be, that we need to do a lot more for Ontarians in that regard for business and other purposes.

My second question would be around Asia, China, those marketplaces and the need to build business relationships to allow you to do business. Because of some experience I have with some local businesses in my riding, I'm acutely aware that you just don't turn that around overnight, that it's a real art, science, as the case might be, to build those relationships that allow you to do business. Any comments on both of those two fronts would be helpful.

**Mr. Merv Hillier:** I'll talk briefly on the first one and then spend probably more time on the second one.

On the first one, with regard to infrastructure or investment in IT, I think it's important to understand why we're investing. There's a parable that says, "Without a vision the people perish," and we're perishing at this point because we have no vision for Ontario. What is it that we're trying to build towards?

If I'm an investor in Ontario, I want to know, is this a good place to do business? If you're in business, a



customer says, "Are they easy to do business with?" What does that mean to an investor, a buyer or even a seller? I want strong IT connections because that will help me in my efficiencies and my effectiveness. I need good transportation and roads because we are still manufacturing. The goods going back and forth to the US, still our primary market—that has to be strong. Good public transportation—we're scattered. If we need to get the talent into our organization, I have to have good public transportation.

I have to have the right skills and the talent in the community in order to make sure that I have that infrastructure available to me in order to build my business. Richard Florida talks about the 3Ts. He talks about technology, talent and tolerance; in other words, diversity in accepting creativity and innovation in the marketplace. The creative class is becoming very important in the economy. So where's our support for creativity and innovation? Where's the investment in infrastructure, whether it's soft or hard infrastructure, for people to do business?

On the second one, I consulted for seven years, so I'm not going to talk from the survey because the survey doesn't address those particular markets. Our members are exporting to the US, but at the same time they recognize, with the US going down, whether or not the US comes back up, they need to expand outside of the US, outside of North America. How are they going to do that?

When I travelled and did business in the Middle East and throughout Asia in my consulting years, regularly they would say, "Where's Canada? How come Canada's not here?" From a CMA perspective, we're doing business now with the top universities in India. How that happened was, we simply went on a trade mission with Premier McGuinty a couple of years ago and, as a result of that, now we have joint CMA-MBA programs with the top three universities in India. That wouldn't happen because there's a huge amount of fear, especially among Canadians, in going into those scary markets. What needs to happen is, somebody needs to go with them, maybe take their hand and expose them to the opportunities and then help them when they come back and say, "Okay, now this is how you do it." There are more and more examples of people who have said, "I'm setting up shop in China," or "I'm moving into India" or Brazil, but they don't know how to do it.

The government needs to help them, whether it's simply partnering them with others who've done it or taking them and saying, "Let us show you how it's done." The government needs to help Canadians, help Ontarians and our businesses understand there's more to the world than the US. There's 5% to 8% growth in BRIC countries. We need to be getting out there and expanding into those countries because the opportunities are there.

**The Chair (Mr. Pat Hoy):** Thank for your presentation.

For the committee, if routine proceedings were to come before 2:30, could you come before that? We ex-

pect those presenters to be here early. We do have a full afternoon. We're recessed until then.

*The committee recessed from 1015 to 1424.*

## UNIVERSITY OF CALGARY

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order.

Our first presentation this afternoon is from the University of Calgary. You have 15 minutes for your presentation. There will be five minutes of questioning allowed for each party if they choose to use that amount of time. If you would just give your name for the purposes of our recording Hansard, we'll begin.

**Dr. Jack Mintz:** Thank you very much. Jack Mintz, and it's a pleasure to be before this committee once again. I'll try to be relatively short to give you an opportunity to ask me questions. In fact, I do like that very much.

Let me, first of all, say the obvious: Ontario is going to be facing a very difficult challenge. While manufacturing and forestry have been under a strain for some time, we know that with this global credit crunch and falling commodity prices, we now have many sectors in Ontario that are going to be strained, including finance, mining and others. While economic forecasts suggest negative growth in only the first half of 2009, my gut feel is that growth could be a lot worse in 2009; a longer period of negative growth and a very slow recovery after 2009, with the kind of problems that are occurring right now both in financial markets and the economy.

In my view, the forecasted deficit of \$500 million is surely an underestimate for next year. If one takes private sector forecasts, I would suggest that the Ontario government could face a \$4-billion deficit. This could result in a fall in revenue of about 1% and expenses growing at 3%. But this is only an estimate and, frankly, I don't believe that anyone can predict with precision at this point what will happen in the coming year.

The difficulty for the government is to determine whether to have a fiscal stimulus package and how much is appropriate. Large structural deficits will be significant. Part of the difficulty is that over 60% of the budget—in fact, probably closer to 65%, or two thirds—is controlled by agencies not the government. The government is correct in constraining wage increases to 1.5% for its own workers, though a recent negotiated settlement with the teachers is double that amount. It is not clear in my mind that the government will be able to constrain spending sufficiently in the next year.

The federal government spending stimulus can help Ontario, making it easier for the province. The province cannot afford a large stimulus package and it is unclear how much impact that package would have anyway on growth in the economy. We have to remember that additional provincial debt raises the spectre of higher taxes in the future, thereby encouraging more household thrift and discouraging the inflow of capital.

Although I don't espouse this view, there are economists who argue that fiscal policy does not have much impact for this reason. In fact, Robert Barro from Harvard would argue that every dollar of deficit financing by the government leads to an increase in savings by individuals to offset that deficit and, therefore, no change in aggregate demand in the economy. As I said, I don't espouse that view. I think that there is some impact, but I think we do have to take into account that in small open economies like Ontario, fiscal policy doesn't necessarily have the bang that one would like it to have. Therefore, one has to be careful about what size of deficit one is willing to accept.

Actions for the province could involve a number of things. First of all, infrastructure spending: I've noticed in the numbers for the next year that it's slated to fall. I don't believe that infrastructure spending is a panacea, but additional money provided by the federal government, with the province, would be welcome. I think that if one is going to do infrastructure spending, it should be on projects that can be immediately done next year. It's very difficult for infrastructure spending to be timed in a way to be a short-term fiscal stimulus; that is because it takes time to do the planning and get the regulatory approvals, and that could be two or three years down the road. So if you want immediate fiscal spending, it's more about spending on potholes rather than spending on large new projects.

With respect to education spending here, given the demographics, I think that the province should try to achieve whatever savings can be done as the elementary-age group has been declining in size. With respect to post-secondary education, I know that I probably would get whipped by some students if I said this, but you may want to allow university tuition fees to increase more than expected—at least more than, let's say, inflation—because I think that you'll have to constrain the transfer payments going to the universities. I do think part of that increase should definitely go into bursaries for low-income individuals to keep access to the university system.

With respect to health care, not much one can say, even though you have a \$40-billion item as expenditure there. It's huge, it's big; whatever efficiencies you can achieve there, I think it's important, as it is an area that's going to be very difficult to constrain in terms of spending.

With respect to training, I think it's very important for the unemployed and those who may be losing jobs to be able to find new opportunities, but I think we also have to remember that it's not just the supply of workers that's important in terms of creating those opportunities, but it's also important to develop an infrastructure for the future that can employ people here in Ontario. A plan is needed to make sure that regulations and taxes are competitive to attract new businesses to the province.

1430

With respect to taxation, the best short-term fiscal stimulus puts money in the hands of people. To support consumption, you need to have a permanent tax cut—a

temporary one does not work. Certainly we saw that in this past year with the US government trying to pump up the economy with a rebate that generally went into debt reduction or savings but had very little impact on consumption, as is now well known.

With respect to bailouts, you'll find you probably have more than just the auto sector lined up for bailouts. I'm sure the forest companies will be at you, and there will be other sectors of the economy that will also be looking for money, since you would be willing to bail out the auto companies. Of course, the pressure on the auto companies—the Big Three—will largely be determined by what the US government does with respect to those three big companies, and Ontario and the federal government will participate in any package that will be part of that overall bailout.

But I think we have to remember that bailouts are not necessarily successful. In fact, one of the problems with a bailout is that it keeps bad assets in play when really you need to have restructuring that goes on through the bankruptcy process—and this is not limitations on executive pay, even though it's always very political to talk about that, or even pushing to green technologies. Really, with bailouts here, you're looking at major restructurings of companies to improve their management and efficiency, including the relations with workers, with possibilities of wage reductions as a result.

Lastly, I really believe that Ontario needs a long-term plan for tax reform. However, this is not the time to carry out major tax reforms in Ontario, as much as they would be valuable. But I do think that the government should think of a process in moving ahead with a significant look at the tax structure to support economic growth in the long term. That could be done by seeking advice and by, for now, looking at a major restructuring of the tax system that could come down the road when the Ontario economy gets back on track with some growth.

Thank you very much.

**The Chair (Mr. Pat Hoy):** We thank you, as well. We'll start the first round, in three rounds of questioning, with the official opposition.

**Mr. Tim Hudak:** Dr. Mintz, thanks very much for appearing before the committee again. I know how busy your schedule is, and coming up from the University of Calgary and such, it's a bit of a drive.

**Dr. Jack Mintz:** Well, I have to be here anyway.

**Mr. Tim Hudak:** I'll split some time with my colleague Mr. Arnott.

Just on your fourth bullet, a point of clarification: You talk about how the difficulty will be in determining how much of a fiscal stimulus package is appropriate. "Large structural deficits will be significant." Do you mean structural deficits will occur naturally because of the decline in revenue and average spending increases, or a structural deficit will come out of a stimulus package?

**Dr. Jack Mintz:** In a sense, both. One of the big problems is that once you do have a significant decline in the economy and a deficit—which I think is going to have to be tolerated; I'm not arguing that government



should start boosting up taxes and wildly cutting spending. I think you need to constrain spending, but you wouldn't want to start cutting spending at that time. The difficulty, of course, is once that period gets through, you would hope that with growth in the economy you would go back to zero balance, but sometimes that often doesn't happen, as governments want to introduce new programs and maybe even cut taxes or do some other things during that period. It's very hard to turn the switch once you create a large deficit. It's going to take time to work through it, with a lot of fiscal prudence. In other words, creating a deficit does have some long-term implications and is difficult.

Now, if you add on a fiscal stimulus, you will make that deficit even larger at the beginning. I guess the question is, how big a fiscal stimulus would you want to tolerate? I think Ontario will have some fiscal stimulus, but are we talking about \$2 billion or \$5 billion? If my suggested deficit is \$4 billion without doing anything at all, then one's looking at, potentially, a very large deficit with a fiscal stimulus of, let's say, \$4 billion to \$5 billion. That could make a deficit of \$8 billion to \$10 billion.

**Mr. Tim Hudak:** One more question, maybe just in a nutshell, then my colleague Mr. Arnott will have the floor. You recommend at the end long-term tax reform. What would be at the top of your list for important tax reform in the province of Ontario, briefly?

**Dr. Jack Mintz:** I think three things. Number one would be the corporate tax, which I think needs to be looked at. It's certainly out of whack—well, it's consistent with the US, but theirs is out of whack, too, with the rest of the world, so it's not exactly one to be proud of.

I would also say that sales tax harmonization should be very much on top of the list, with the idea of moving to a value-added tax in Ontario. It could be something like the Quebec value-added tax; I'm not talking about full harmonization with the GST, necessarily.

The third is property tax reform, especially with respect to the non-residential property tax, but even household property taxation needs to be looked at.

**Mr. Tim Hudak:** Thank you.

**Mr. Ted Arnott:** Thank you for making your presentation here today. We certainly appreciate your advice, and I have a couple of questions.

I'm sorry I missed the first part of your presentation, but you indicated, according to your notes here, that you believe the \$500-million deficit projection that has been articulated in the Legislature by the Minister of Finance may very well be an understatement for fiscal year 2008-09, the deficit for this year. What do you think it's going to be if you're suggesting \$500 million is an understatement?

**Dr. Jack Mintz:** I think we could potentially be looking at a deeper decline in the winter. The news is really quite negative, I think, right now when you see that the economy has virtually stalled in October and November. This is largely due to the credit crunch, but as we know, there's been a very significant decline in auto sales

already in this month, as well as household sales—a really steep decline. So I think we're going to see more of that over the next short while. I just think that even now, with some of the negotiations, it will be very difficult to stay within \$500 million. My suggestion about the \$4 billion number, really, is for 2009-10.

**Mr. Ted Arnott:** Yes. I'm concerned about the potential for deflation in our economy, and I was wondering if you had any thoughts on that and what you'd advise governments at all levels to do to prevent a deflationary spiral as the next phase of our economic challenge.

**Dr. Jack Mintz:** Well, first of all, I think the federal government should undertake still some more monetary stimulus, which is possible in Canada, unlike the United States and Japan, where I think it won't have any impact—

**Mr. Ted Arnott:** You mean cutting interest rates?

**Dr. Jack Mintz:** Cutting interest rates, which will help. I think there's some room for fiscal stimulus, which will help buoy up the economy.

As far as deflation, I think that's over-exaggerated. First of all, even if there was some negative inflation, I'm just not convinced that we will necessarily go into a regime like the Great Depression, you know, major falls in prices. I know that consumer durables is the one area where, if you believe that prices are going to climb, people might forestall their purchases because of a price being lower at a later time, but I'm not totally convinced that it's going to be that significant an impact. With the very large fiscal stimulus that will take place in the world—because this is really a world problem and not Canada's—eventually there will be some turnaround, especially in the United States, although I do think that we're in a pickle for the next two years.

**The Chair (Mr. Pat Hoy):** Thank you, and we'll go to the NDP and Mr. Prue.

**Mr. Michael Prue:** A number of things: You are suggesting that we need to spend on potholes, not new projects. Is that because it takes too long to get them off the ground in terms of environmental assessments, in terms of planning and all those things that cities do?

**Dr. Jack Mintz:** Exactly, and bridge repair and whatever, and that is needed.

**Mr. Michael Prue:** Just so we have it straight, you are suggesting that we repair the bridges, when we have social housing in complete disrepair in this province—to spend the money there as opposed to building new houses, because you can start tomorrow?

**Dr. Jack Mintz:** That's exactly right. For short-term fiscal stimulus.

**Mr. Michael Prue:** All right. And we can't wait a year or two to do the other things because it's too late?

**Dr. Jack Mintz:** Well, yes, it's too late and sometimes often ill-timed, because by the time you start it all up, that's when you're back into growth, and in fact, you're creating more pressures in labour markets and commodity markets. Sometimes it's ill timed as opposed to helping you at that point; in fact, it could be hindering the economy. I'm very cognizant of it, living in Alberta

these days, because that's exactly been the problem in Alberta.

**Mr. Michael Prue:** Okay. Next you suggest education spending. That we try to achieve some savings associated with it. It's well-known that this is a thorny political issue. We have declining enrolment across both boards and the French and English boards as well, all four boards, and yet parents are reluctant to see schools close down in their community. We have schools that are three-quarters filled, two-thirds filled, half filled, some even less than that, and school boards are reluctant. Are you suggesting that the province take the political risk or do what is necessary to save money by shutting down underutilized schools?

1440

**Dr. Jack Mintz:** Yes, I am. I think it's important, because there are a lot of other demands that are there. The elderly need health services. You're going to have more people unemployed and some more people on welfare, and you want to make sure that they have support. There are other priorities. I think it's in tough times that you have to make some tough decisions. It's very clear the areas where you can achieve some savings. I think you need to do those in order to provide the kind of support—you are going to have to make sure that those who are most vulnerable to the impact of the economy will be able to deal with it.

**Mr. Michael Prue:** One of the things that is being discussed that I kind of like is the idea of not shutting down and selling off the schools, but using the schools for other purposes, whether they be daycares, because we don't have enough daycare space, or whether they be seniors' homes or community health centres or something so that the community will think that the school, the land, the playground and everything isn't lost to them. Is that something that you envisage as well? Or do you think that they should be sold off?

**Dr. Jack Mintz:** Those questions I'm going to leave to the people who can do the right planning. It may be more appropriate at times to sell off the school buildings. In fact, I've seen some school buildings turned into churches, and they do some good work in the community. So I don't see what the problem is with that. I think those are decisions that have to be made. I don't think it has to necessarily stay in the public sector.

**Mr. Michael Prue:** In terms of health care, you say look for efficiencies. Many would argue that health care is going up about 8% per year, most of that into the hospitals. Others are arguing that if you put it into long-term care, if you get the bed-blockers out of the hospitals, if you hire nurse practitioners and train them in community health teams, that it can actually be reduced. You've only put down one line. Is that what you're saying or are you looking at cutting hospital expenditures straight out?

**Dr. Jack Mintz:** Given I had a short time to discuss these things, naturally I wasn't going to put all the details in. There are all sorts of things that have been suggested by a number of health care reformers with respect to the

system, including much better use of information technology and a better allocation of resources within the health care system. All I'm saying is that to what extent you can achieve those efficiencies is going to be important, mainly for the reason you said, and that is, health care spending is rising 8% per year and, let's be honest, the government is not going to be able to afford that acceleration in costs. That's why I said the efficiencies are going to be important as we move ahead over the next while.

**The Chair (Mr. Pat Hoy):** Thank you. Now we'll move to the government.

**Ms. Sophia Aggelonitis:** Thank you, Mr. Mintz, for coming here today to make your presentation in front of our standing committee.

I have three questions for you. First, as far as your actions for the province, when you talk about infrastructure, I'd like to know what your thoughts are on the \$1.1 billion that we invested in the Investing in Ontario Act. When you mentioned the potholes, I'll tell you that in Hamilton, we're not fixing potholes, we're really making some big changes in infrastructure. In fact, that \$1.1 billion meant \$48 million for Hamilton and that was very important to us. Maybe you can tell me what you think about the \$1.1 billion.

**Dr. Jack Mintz:** First of all, I have liked in the past the long-term infrastructure plan that the province has adopted. I've worked with a lot of countries around the world, and one of the big problems in infrastructure spending is that often governments don't want to spend money on something that has a 25-year length in time, because they're not around then. They'd rather spend money on programs that have immediate benefits to taxpayers, like social programs etc. Therefore, infrastructure tends to take a second place as a result. That has been a serious issue in a number of countries. When the economy's doing relatively well, it's even been a problem there. I like the fact that the government has been willing to adopt a long-term infrastructure plan. What I do think, though, and this is just in terms of short-term fiscal stimulus, we have to remember that it's really got to be stuff that's ready to come off the shelf and get implemented. So it could be some long-term things, but it's got to be ready to go if you want to have some fiscal stimulus in the short term. That's why I said filling potholes could be better, because that can be done quickly, as opposed to saying, "Okay, we're going to start building a major bridge," across, let's say, Windsor to Detroit. It's going to take five years, but we know that by the time you get the plans and the regulations all agreed to, it may be two, three years before you even really start spending money on it. So that's what I mean.

**Ms. Sophia Aggelonitis:** Okay. Well, you can ask my mayor, and he's got some projects ready to go long-term.

**Dr. Jack Mintz:** That's fine. I'm not arguing that there aren't any. It's just the point about what's available and what's not.

**Ms. Sophia Aggelonitis:** Got it. The second question I have for you is, in your third bullet you say, "I don't



believe anyone can predict at this point the overall deficit," but you have given me a number. So my question to you is, what do you think the federal deficit is? Can you give me a—

**Dr. Jack Mintz:** Well, the private sector forecast right now is for a federal deficit. This is excluding the impact of that last fiscal plan, although I saw a report today that suggested that the economic statement, the fiscal measures in there, would not do very much in terms of avoiding the deficit or would maybe even enhance it, although I wasn't convinced by that. But the private sector forecast had a federal deficit of potentially around \$10 billion for 2009-10—or was that 2008? But anyway, certainly a significant deficit. It would be the next budget year that they were talking about.

If you even just take Ontario's roughly 40% of the economy—it's a bit more—that would at the federal level. Ontario itself would be about \$4 billion of that. Of course the province is not the federal government. There are different types of spending that are involved, different types of revenue mix. As I was looking up the numbers, just a really back-of-the-envelope would suggest that for 2009-10 one might be looking at a \$4-billion deficit just in terms of slowness in the economy, just taking into account automatic stabilizers where corporate profits will be down, corporate tax revenues will be down, personal taxes won't grow as much—in fact they could slightly fall—consumption taxes might slightly decline as a result. So that's why I had my 1% decline. Then assuming that—and this will be tough, I think, given the past spending of the province, but keeping within a 3% range will be quite an exercise in my view for the province.

**Ms. Sophia Aggelonitis:** My last question is, what types of companies would benefit most from your proposed tax cuts?

**Dr. Jack Mintz:** Do you mean in terms of the corporate one or in terms of sales tax or what?

**Ms. Sophia Aggelonitis:** No, the corporate tax.

**Dr. Jack Mintz:** Well, first of all, if you're talking about long-term reform, I would get rid of the differential between resource manufacturing and other income. It's actually very hard to police that and administer it, but it's also even when you look at a company, they're operating on all sorts of markets.

With respect to who benefits from corporate tax cuts, I think actually the government benefits a lot. It benefits by multinationals shifting more income into the province. The fact is there are a lot of studies now on this that have been done internationally. The estimates do vary: In fact, I have my own estimate of income shifting that I did with a colleague, Michael Smart, from the University of Toronto. What it suggests is that corporate tax rate reductions actually don't cost as much money because multinationals will shift less income out of the country and more back into the jurisdiction. In fact, I've estimated that actually if you have corporate rates that are—this is now the aggregate rate and the federal-provincial rate. If it's above 27%, 28%, if you cut rates you're not going to lose that much money at all. So what it suggests is that

when you have high rates, the government in a sense shoots itself in the foot because multinationals will shift income out of the country. Who will benefit? Of course the companies that succeed and make profits: They'll benefit.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation. On behalf of the committee I thank you for coming here today.

**Dr. Jack Mintz:** My pleasure.

1450

## HUGH MACKENZIE AND ASSOCIATES

**The Chair (Mr. Pat Hoy):** Now I would ask Hugh Mackenzie and Associates to come forward, please.

Good afternoon. You have 15 minutes for your presentation. As you just saw, there will be a rotation of five minutes of questions from each party after that. If you would just state your name for our Hansard, then you can begin.

**Mr. Hugh Mackenzie:** My name is Hugh Mackenzie. The hat I'm wearing today is as a research associate for the Canadian Centre for Policy Alternatives.

You have a handout. I'm not going to speak directly to the handout. I've raised some of the same points in it that I'm going to raise in my remarks. I just want to cover some broad points, and I also want to make a limited number of very specific suggestions that would fall less into the category of what I would do if I were you and more what I think you should do given that you're not me.

Needless to say, we're here at a pretty interesting time. The top-of-mind aspect of that interesting time is obvious to everybody. We've got a really toxic mix of a decline in the real economy and a meltdown in financial markets. It's relatively unusual for those two things to happen at the same time with the kind of severity that we've seen. We've also seen an unusual degree of feedback effects between these two aspects of the economic change.

The result of that is that we've got a combination of the most difficult circumstances that were created in the financial market difficulties that we experienced in 1987, with the size of the aggregate decline that we had in 1980-81 and in the manufacturing sectors specifically, all of the most difficult aspects of the decline that took place in 1990-91. Let me just unpack that last point. I was involved as an adviser to a large union in both 1981 and 1991. When I step back from those two recession events, what struck me about them was that in 1981, the recession was deeper than it was in 1991. But it tended to be expressed in layoffs in existing operations and not in plant shutdowns. There were some plant shutdowns that took place in the 1980-81 period, but for the most part it was downsizing existing workforces as a result of declines in demand.

In 1991, the overall decline wasn't that big, but there were a lot of plants shut down; there were a lot of things that just went away. The consequence of that was that in the post-1981 recession period, the recovery was actually

pretty rapid. People got called back to work, and by 1985-86 we had kind of absorbed most of what had happened in the 1981 period, whereas in 1991, I think partly because of the structural context in which these changes took place, we ended up taking a much longer time to recover from the recession in 1991. We've got a pretty difficult circumstance in the real economy.

We've also had a really interesting change in the world of ideas, if I can put it that way, in the way that we think of responding to these things. Ten years ago, five years ago, a year ago, if we had been confronting this kind of economic circumstance, the conventional wisdom advice would be, "Government, keep your hands off the economy. You're more of a problem than you are a solution. Let the monetary authorities take care of it and let the market adjust." Nobody is saying that now. Suddenly, in the last few months we've rediscovered the idea that government activity can play a positive role in economic adjustment. Suddenly people are rediscovering their inner Keynesian, and we're now talking not so much about whether government ought to have a role, but in much more detail about what kind of a role government ought to play, what the limits of it ought to be and what its objectives should be. I think that's a very healthy change, and it sort of forms the context with which I'm here this afternoon.

I want to comment briefly on the fiscal situation. I'm not that interested except, obviously, it's going to make a difference in terms of where we stood at year-end. The issue for this current fiscal year is not really that big a deal. It may be \$500 million, it may be more than that or it may be less than that because, if you look at the context over the last couple of years of Ontario's fiscal planning, the rubber really is going to hit the road in the 2009-10 budget, not in what remains of this one. The reason I say that is because, first of all, this year's budget, the 2008-09 budget, was really kind of an unusual budget. If you look at when the money actually flowed from the commitments that were made in the budget in March, most of that money flowed from the 2007-08 fiscal year, not from the 2008-09 fiscal year's revenue. I'd characterize it this way: In many respects you could say that the 2008-09 budget was really rethinking the 2007-08 budget; it wasn't really a 2008-09 budget. As a result, there really wasn't much spending increase in the 2008-09 budget, and in fact the 2008-09 budget contained very conservative estimates of revenue.

I think that when the Minister of Finance put those estimates together, he was expecting to have yet another one of those miraculous surprises at the end of the year where he could say he had been way too conservative and there was a big surplus at the end. The world kind of made him right in retrospect. The problem that the government faces now is that all of those things that made this year's budget manageable, the fact that the new spending was mostly layered into the previous year, the fact that the revenue estimates were pretty conservative—none of those mitigating factors apply to the 2009-10 budget, so we're into a much more difficult situation

in putting together the budget in 2009-10 than we were in 2008-09.

In putting together the 2008-09 budget, I think the Minister of Finance may have harboured some hope that there was going to be additional money coming to the province from the federal government. I don't think anybody really expects that there's going to be much of that coming this way. If the federal government is going to be spending any extra money, it's going to spend it in areas where it thinks it can take credit, not in areas that are going to work to the credit of somebody else. So that hope is kind of diminished.

The other thing is that going into 2009-10, we have some cost pressures that have been built in that just can't be avoided. People have talked about the 3%, 3%, 3% and 3% in the education settlement. That's mitigated by the fact that enrolment is going down by about 2%, so the bottom line impact may not be as great as it might first look. But you've also got the 3%-plus, 3%-plus, 3%-plus and 3%-plus baked into the physicians' settlement, between the government and the Ontario Medical Association, which doesn't have those kinds of declining base mitigations.

What do we do with this as we head into the planning for 2009-10? First, I'd steal something from the Hippocratic oath and say that the first thing you should do is not do any harm. I think that means if there's anything we've learned in this revolution of thinking about how governments manage fiscally, it's that we shouldn't be cutting spending and/or raising taxes into the teeth of a recession; we just make things worse. Just don't make anything worse. Secondly, I think we can look at using the fiscal balance of the government to introduce some modest stimulus into the economy in two respects: I think, even to cover ongoing expenditures, we can manage a deficit that's within the structural deficit limit. What I mean by the difference between a cyclical deficit and a structural deficit—the way I look at it, anyway—is that the cyclical deficit is the difference between the deficit you actually run and what the fiscal balance would be if we were running along at full employment and regular economic growth. My rough calculation is that at this point the difference between those two numbers is in the range of between \$3 billion and \$4 billion. I would consider that kind of cyclical deficit to be manageable in the context of the current economic environment.

Secondly, I think that there's room for a truly temporary fiscal stimulus that would be over and above that, something that you would know would go away as the economy started to improve. That's the sort of general framework that I'm thinking about.

#### 1500

To try to translate this into more concrete substance, for me, the hit parade for what might potentially be useful for governments to think about would be, certainly, not slowing down, but maybe accelerating the introduction of the government's poverty reduction program. Investments in reducing poverty pay off enormously well as fiscal stimuli. As Professor Mintz's comments make



clear, when you're stimulating the economy, you want the money spent right away. You want to get it circulating; you want to get activity going. And the closer to home that money is spent, the better. Infrastructure acceleration—and I want to emphasize the word “acceleration.” I agree with Jack that regular infrastructure spending has a justification on its own; you don't need to make any special justifications for it. In the context of a recession, the important thing is to accelerate, get things going quickly. That means canvassing the pipeline for projects that are at the point where you could issue the tenders and ramping up the spending on things that don't have to go through those complicated and sometimes time-consuming processes. I agree, the important thing is to get the money moving into the economy quickly.

Assistance for the unemployed: In the long term, I think that at some point Ontario is going to have to say to the federal government, “Either you make some changes to the employment insurance system so that Ontario is not so badly discriminated against, or Ontario is going to introduce its own supplementary employment insurance system.” The status quo is not acceptable. It's not acceptable for such a low proportion of the unemployed in this province to be covered by employment insurance. That's not a short-term proposition. In the meantime, we're going to have all kinds of people who are going to be suddenly unemployed, with limited or no access to employment insurance and finding themselves caught between a rock and a hard place because they don't qualify for EI and they can't get social assistance because they happen to own a house or a car or something that social assistance rules don't permit. So, as a short-term measure, I would propose specifically that the government suspend the asset rules in social assistance so that people who are struck with these emergencies are able to do something about them.

The last of my three big what-you-should-do proposals—I've kind of mixed together the what-I-would-do and what-you-should-do proposals—has to do with the voluntary sector. I'm on the board of a couple of voluntary organizations. I'm watching the media coverage, and I'm seeing the stories about the difficulties that people are experiencing fundraising and about the foundations cutting back on their grants. It's putting agencies that provide really important services in our communities right across the province, many of them directed toward the disadvantaged, in a horrible financial situation. I realize that it's both inconsistent with the overall purpose of these organizations and probably not good long-term government policy to provide sustaining funding for these organizations on an ongoing basis, but I think that if there's a case for emergency funding for banks to enable them to bridge over big gaps in their ability to raise deposits and make loans, then there's a case to be made for emergency assistance for the thousands of community and non-profit organizations around the province, many of whom are going to go out of business at a time when their services are most needed. So I'd suggest that a limited amount of additional government funding could have an enormous positive impact.

This is kind of a wry comment, but I suspect that given the fact that gambling in the form of investment in the stock market is out of favour at the moment, the Trillium Foundation may actually experience growth in revenue over the next little while, so it may not be as bad a hit on the government's balance sheet as you might otherwise think.

The last comment I want to make before I finish is that if you look at the financial markets—I'm sorry; I'm going to be a bit pointy-headed about this for a moment—there are some very odd things going on in financial markets that, it seems to me, provide some opportunities for the government to in some cases rethink some policies that frankly don't make very much sense, but also to make some money for the taxpayers in financial markets. I'll make two comments in that regard. One is that—

**The Chair (Mr. Pat Hoy):** We have about a minute left.

**Mr. Hugh Mackenzie:** Yes, and I'm finishing up. The economics of financing infrastructure through P3s never were very good. I've done a lot of detailed analysis of the impact of credit spreads between what P3 borrowers pay and what governments pay to pay for infrastructure structure projects. Even at the kind of historical spreads that we had, the economics were pretty bad. We're now seeing credit spreads in the financing of P3 projects that have gone from 150 or 200 basis points a couple of years ago to 400, 600, in some cases 800 or 900 basis points. At those kinds of spreads, those projects are just completely uneconomic, and I think the government should just suck it up and decide that it's going to use the expertise that has been developed in infrastructure in Ontario, really beef up the central financing agency and get those projects moving.

The last thing, and this is my really pointy-headed suggestion: One of the things that Ontario decided to do three or four years ago in financing the renewal of schools and the school system is to ask school boards to go out into the markets and borrow money and Ontario would pay them the carrying costs of the borrowing, instead of going out, borrowing the money themselves and turning it over to the school boards.

A very odd thing has happened in the financial markets; this is not something people know a lot about, because all these things trade over the counter and the information isn't that public. Right now, school board bonds in Ontario are yielding about 95 to 125 basis points more than provincial government bonds, despite the fact that the underlying guarantee is exactly the same. Ontario guarantees the school board bonds by virtue of the fact that we've consolidated school board budgets into the provincial budget.

You could reduce the long-term cost of that school board expenditure that's already been made by about 20% by buying up those bonds in the markets and then having the school boards cancel them and turn the money over to them to enable them to do it. You could do a little bit of reverse financial engineering and save the province an enormous amount of money.

Those are my remarks.

**The Chair (Mr. Pat Hoy):** Thank you, and now we'll go to Mr. Prue of the NDP.

**Mr. Michael Prue:** Thank you; that was really interesting, that last point especially. I really like that.

You talked about a \$3-billion to \$4-billion deficit as being manageable, but you also talked about a structural deficit that the government is likely to inherit in the fiscal year 2009-10 of about \$4 billion. Are you talking about an \$8-billion—

**Mr. Hugh Mackenzie:** No. I'm sorry if that's what you understood. I'm not as pessimistic as Jack is about what the underlying structural deficit is going to be. I think his estimate of \$4 billion is a bit high. I wouldn't add those two things together. In other words, if Jack is right, and the underlying deficit that's being generated by the weakness in the economy is \$4 billion, there probably isn't much room for additional stimulus on a sort of full-employment, balanced-budget basis. I happen not to think that it's as extreme as that. When you look at all the various elements of the forecast, I would guess that the baked-in deficit is probably something in the range of \$1 billion, maybe \$1.5 billion, which means that by my logic, the government's got room for an additional stimulus without creating a structural deficit of another \$2 billion, maybe \$2.5 billion.

1510

**Mr. Michael Prue:** So you're recommending \$2 billion to \$2.5 billion of stimulus?

**Mr. Hugh Mackenzie:** Yes.

**Mr. Michael Prue:** That's quite different from what Mr. Mintz had to say.

**Mr. Hugh Mackenzie:** To a certain extent, the difference in opinion between Mr. Mintz and me is not really material to the point that I'm making, because I don't think our difference of opinion is with respect to what the financial balance of the province of Ontario would be if we were in a normal period of economic growth. What he's saying is that what is actually going to happen may be worse than we think it is. So what that would do, in the context of the logical structure that I've put forward, is increase the size of the deficit you could afford to run without creating a structural deficit.

**Mr. Michael Prue:** In terms of this \$2 billion to \$2.5 billion of stimulus, you've suggested a couple of things: acceleration of projects, suspending the asset rules for those who are on some form of assistance, and monies for the voluntary sector. What amounts would you spend in each of these areas, if you were us? And I know you're not us, because you're supposed to be you, but—

**Mr. Hugh Mackenzie:** Frankly, I don't really know. I'm not sure—

**Mr. Michael Prue:** Is there a bigger bang for the buck? I've heard economists say that the best thing you can do is to give the money to the poor, because they'll spend it, and that will stimulate the economy. I've heard other ones say that the best thing you can do is build infrastructure and repairs; that's the best bang for the buck, in terms of the depression. Everybody's got—

**Mr. Hugh Mackenzie:** I'm going to answer your question but not answer it. I'm sorry. I'm going to apologize for that in advance.

If you look at the strict econometric analysis, what it will tell you is that the multiplier effect for infrastructure spending is higher than any other decision that government could make. Why? Infrastructure spending is the area of spending where the largest proportion of the spending is in the domestic Ontario economy, so it has the biggest effect on the Ontario economy. There's less leakage, in econometric terms, from infrastructure spending than there is in any other form of government stimulus.

Second behind that would be making transfer payments to individuals who you know are going to spend the money. That's why assistance for the poor is there. Although, for me, the primary driver behind that specific proposal—I think the stimulus part of that, in aggregate terms, would really come more from taking the broad poverty reduction strategy and saying that we're going to move more quickly on it than we otherwise would, because that gets the money into the system, and those are fairly large numbers of dollars.

I doubt very much that suspending the asset rules would be that fiscally significant, but for the families who are affected, it could be of enormous benefit. It's not the best way, by any stretch of the imagination. I wouldn't describe it as the best way to provide assistance to people who are unemployed. The problem is that the weaknesses in the employment insurance system, particularly as it applies in Ontario, are going to put lots and lots of people who are made unemployed by the economic downturn in this no man's land where they don't have an EI entitlement or they've run out of EI entitlement; they're looking around for another job. They're not going to get another job until—my figurative language—people in Kansas start to buy cars again. There's not much anybody can do about that except people in Kansas. And—

**Mr. Tim Hudak:** Trucks. There are trucks in Kansas.

**Mr. Hugh Mackenzie:** No, actually—yes, I suppose; trucks too.

**The Chair (Mr. Pat Hoy):** We're going to have to move along to the government side.

**Mr. Hugh Mackenzie:** See, you made me lose my last point.

*Interjection.*

**Mr. Hugh Mackenzie:** Well, I'm going to finish answering his question. Go ahead and ask yours, and I'll finish answering his.

**The Chair (Mr. Pat Hoy):** Mr. Sousa.

**Mr. Charles Sousa:** Thank you, Mr. Mackenzie. I appreciate your being here and providing your comments. You know, in Ontario we've been having to undergo this a bit longer than some other jurisdictions in Canada, and certainly we've managed the process a bit longer than some, given the challenge in the manufacturing sector. And I appreciate your comments around this being a revenue squeeze as it's relating to corporate revenues falling and not receiving the tax, and not



recommending tax increases. That's certainly something we don't ascribe to, but at the same time trying to invest in infrastructure projects and in training and in social services to stimulate economic growth and economic activity. I think that's what I'm hearing from you, and I like some of your ideas with respect to increasing EI. Those are things that we've been asking for. You've rightly stated that the feds probably won't come to the table, though, as it relates to some of the disparities that we find here in Ontario.

Even though we're taking into consideration—we're eliminating the capital tax on a retroactive basis to try to help some of our businesses, and while we still enjoy a lower tax rate in Ontario relative to some other jurisdictions—it's certainly lower than the federal counterpart's—the previous speaker spoke about reducing consumption tax as an alternative, as has happened federally with the GST. I guess my question to you is, do you see Ontario as having been operating in an effective manner given the circumstances? And I appreciate where we still have to go. Are the federal programs or what we're looking for appropriate?

**Mr. Hugh Mackenzie:** Okay. Let me try to get at it from a couple of different angles. I don't think I would get any argument if I said that what everyone does with corporate income taxes doesn't have anything significant to do with the stimulus that we require now. I don't think I heard Jack say that consumption taxes should be reduced. Partly because he wasn't making that the focus of the presentation, he didn't get into the details about why he's so upset about the retail sales tax, but it has to do with some cascading effects. If you've seen any of his stuff, it has to do with some cascading effects that retail sales taxes have in the cost of business investment.

As far as the federal government is concerned, over a relatively long period of time, over the last 15 years—and some of my friends on the left get really upset with me when I say this because they love the federal government—my quick and dirty comment is that over the last 15 years the federal government has been gradually putting itself out of business as it relates to issues that are under provincial jurisdiction, and that has some significant implications for Ontario. You never heard Mr. Harper exactly say this, but the implicit message behind Mr. Harper's refusal to increase grants to the provinces and his insistence on pursuing the cuts in the GST is a message to the provinces saying, "If you want additional money, there's the tax room. Fill it up, take up the tax room, raise the revenue, take political responsibility for it and spend the money on the services that you say your citizens want." That seems to be the message from the federal government. I don't think that's a particularly good nation-building position to be taking, but that's what it is.

A similar kind of logic, I would say, applies to unemployment insurance. It's an area of federal jurisdiction, but the numbers tell you that the program isn't serving Ontario. Sometimes my friends in the insurance industry get upset with me when I use this analogy, but if you

think of unemployment insurance on an insurance analogy, for a person who's unemployed in Ontario, it's like if you have a fire in your house and you phone up the insurance company, and the agent says, "Hang on just a second," and you hear something rattling in the background. He says, "Well, I just rolled the dice. You had a 3-in-10 chance of getting your house covered for fire insurance. Sorry, you didn't get it"—so you don't get any coverage. We've got a kind of lottery system for unemployment insurance coverage.

There's a precedent for provincial governments getting into the unemployment insurance game. Quebec has negotiated a deal with the federal government to remove maternity benefits from the employment insurance program; they deliver their own, and the program operates differently there.

**1520**

If an objective look at the rules and the structure of the employment insurance system as it operates in Ontario, say—that the structure of the employment insurance system may work fine in Newfoundland or Nova Scotia or Prince Edward Island or in rural Quebec, but if the numbers tell you it's not working with the labour market as it's structured in Ontario, then I think Ontario at some point is going to have to—at some point, you have to stop beating your head against the wall. At some point, you gotta say, "This strategy isn't working."

The objective, frankly, is not to make the federal government look bad. The objective ultimately is to deliver some benefits to people who need them.

**The Chair (Mr. Pat Hoy):** And now we'll move to the official opposition. Mr. Hudak.

**Mr. Tim Hudak:** Thank you, Mr. Mackenzie. I did distract you with trucks in Kansas—

**Mr. Hugh Mackenzie:** I've forgotten what it was. Unless Mr. Prue is really insulted by the fact that I didn't quite finish answering his question, you can go ahead.

**Mr. Tim Hudak:** One of the tools that the current government has brought forward is economic development funds. Potentially—there have been some for auto already, potentially a bailout for the Detroit Three; there's forestry sector funds etc. Largely, they have been dramatically undersubscribed, some of them less than 20% after a couple of years.

Do you have any comment on the advisability of that tool or improvements that need to be made in it?

**Mr. Hugh Mackenzie:** In the notes that I wrote up for myself, I had a category of government activity that I didn't actually spend much time talking about, that I call "Keep the lights on." Let me just sort of unpack that a little bit.

Our economy is so integrated with the economy of the United States and the economies of other countries that, metaphorically and literally, our economy is not going to improve dramatically until people in Kansas start to buy cars again, or trucks, depending on whether they live in Kansas City or elsewhere.

That's the reality, so what that means is that there isn't a whole lot that the government of Canada or the gov-

ernment of Ontario is going to be able to do to make people in Kansas start to buy cars.

What we can do is our level best to make sure that when people in Kansas start to buy cars, we've actually got factories here that can produce the goods that people in Kansas want to buy.

The scariest thing about this recession that I've seen, and it was really highlighted—you probably saw the story in the Toronto Star on either Saturday or Sunday last weekend, where they did a feature on a plant in southwestern Ontario that had shut down. You see this picture of this—like, a couple of acres of plant with not anything in it. Everything was gone—there wasn't a desk; there wasn't a piece of equipment—there was nothing there. The reality is that even if the demand for the product that was being produced in that factory recovered, it ain't going to be produced there, because the equipment is gone.

I think one of the constructive things that a government of Ontario could do, because it's closer to the ground than the federal government, is create a pool of money that I call the "Keep the lights on" fund.

What I would do—I mean, if you made me king for a day and let me go ahead and do this—I'd create something like a jobs commissioner, or create some function, whose job it is to find out what's going on as early as we possibly can so that we can start having conversations with the people who own those businesses and say to the people who run the injection moulding plant: "What can we do to keep you from selling that moulding equipment to China? What can we do to convince you to leave the lights on, leave the heat on in the building and leave that equipment bolted to the floor? We're not telling you that you've got to keep producing moulded bumper parts that nobody wants to buy. And we're not going to buy moulded bumper parts from you to keep you—but what kind of a deal can we make that will convince you to hold off on your plans to get rid of the equipment, to hold off on your plans to get rid of the equipment, to hold off on your plans to turn off the lights and just see what happens?" Maybe the restructuring that takes place in the auto industry is going to be such that that kind of activity doesn't recover, but it's really difficult to predict that.

If you had told me in 1982-83 that by the late 1990s Ontario would be more dependent on auto industry parts and assembly for employment than it was in the late 1970s, I would have said, "You're out of your tree; that can't"—but it did. A combination of exchange-rate changes and structural changes in the industry and the growth of the transplant plants and all of that stuff—surprise, surprise: By the late 1990s we actually were more intensively engaged in the auto sector than we were in the early 1980s. I don't know too many people who would have predicted that. So you don't know.

The point is that, once the lights are off, the pipes have frozen up and the equipment has been unbolted and shipped off some place, those jobs aren't coming back.

To your point about the lack of take-up, I think one of the problems is that for that kind of assistance to be useful you can't devise a complicated program for de-

livering the assistance. What you've got to do is give a group within the government or a group within the government with advisers from the outside enough flexibility so that they can go to the ABC injection moulding plant and just say to them, "What do you need? Do you need us to cover your property taxes for a couple of years? Do you want us to pay your electrical bill for a couple of years? What do you need to do in order to keep you from doing something that's irrevocable?"

**The Chair (Mr. Pat Hoy):** Thank you for your presentation before the committee.

**Mr. Hugh Mackenzie:** Thank you, and thanks to the committee for the invitation again. I always enjoy it.

## TORONTO BOARD OF TRADE

**The Chair (Mr. Pat Hoy):** Good afternoon.

For the committee, the Toronto Board of Trade representatives have just arrived and are getting seated.

You have 10 minutes for your presentation. There could be up to five minutes of questioning following that, and I would just ask you to identify yourselves for the purposes of our recording Hansard. You can begin.

**Ms. Carol Wilding:** Thank you for the opportunity. It's Carol Wilding, president and CEO of Toronto Board of Trade. Joining me is Richard Joy, our vice-president of policy and government relations.

Thank you for the opportunity to offer you our perspective and recommendations to inform the development of your 2009 Ontario budget. We will not be making a written submission at this time, but our presentation will focus on the key points that will form the basis of our positions.

Just as a point of background, the Toronto Board of Trade is Canada's largest local chamber of commerce. Our membership consists of nearly 10,000 companies and business professionals, representing businesses of all sizes and virtually all sectors operating throughout the Toronto region.

Our members are feeling the impact of the economic uncertainty brought upon us in the wake of the unprecedented worldwide credit crisis.

We recently asked our members to tell us the top three actions they feel the provincial government should take to address this pressing issue: 62% said greater investment in infrastructure should be a top priority, 50% pointed to investment in skills development and retraining, and 46% favour reducing business taxes. We have recommendations in each of these three areas.

**Infrastructure:** The board believes that there is an urgent need for more infrastructure investment to efficiently move people and goods throughout our region. For the last several years, our members have identified gridlock and congestion as their number one issue, and with good reason. According to Metrolinx, traffic congestion costs the region approximately \$6 billion annually.

**1530**

The provincial government has made remarkable progress over the last four years with respect to its support



for public transit. Infrastructure spending has increased manyfold, and we certainly welcome that. The board of trade has supported all of the steps the provincial government has taken today: the creation of Metrolinx in 2006; 2007's \$4.5-billion flow announcement in conjunction with federal and municipal partners; the \$11.5-billion Move Ontario 2020 infrastructure vision; and the \$745-million funding of the so-called quick-win projects in the 2008 spring budget.

We know that the Ontario government recognizes that much remains to be done. Right now, the shortfall of nearly \$40 billion in funding for the recently released Metrolinx regional transportation plan stands as a major barrier to getting shovels in the ground. To date, there has been no firm commitment for ongoing funding.

We believe the private sector must play a key role here. The reality is that transit can only go so far on public funding. Partnerships with the private sector, for both financing and governance, can help propel this bold transportation plan down the road to implementation.

The board of trade is calling on the two-year-old Metrolinx board to follow the path of other highly effective and successful organizations, such as Vancouver's TransLink, and change the makeup of its executive, as the objectives of the agency shift from planning to implementation. The board of trade is also calling on the federal government to contribute its fair share—at least the \$6 billion that the Ontario government has asked them to contribute.

**Tax and regulatory reform:** Given Ontario's size and its importance to our national economy, the province must begin to focus on tax competitiveness to enhance economic growth. Today, Ontario has one of the highest corporate income tax rates among the provinces and its global competitors. This province also has a comparatively prohibitive retail sales tax on capital purchases.

Our recommendations to the government of Ontario include: expediting further reductions of the business education tax rate across the province; harmonizing the retail sales tax with the federal GST; demonstrating strong support for a single national securities regulator and offering to work with the federal government to put it in place; lowering the corporate income tax rate; and eliminating the Ontario corporate minimum tax.

I won't expand on all of these points today, but I would like to address the area of business education tax in some detail. The board of trade has long been an advocate for reductions in business education taxes, and we welcomed the province's 2007 announcement regarding significant reductions to the wide variation in BET rates, along with the implementation of a \$540-million phase-down of high BET rates over the next seven years. This commitment reduced BET rates in 321 municipalities across the province and benefited more than 500,000 businesses of all sizes. However, Toronto still sits well above the rates of competing jurisdictions. Our city will not benefit from this phase-down until 2012.

Looking comparatively at the rates for various municipalities, Toronto commercial business property tax-

payers are still paying a rate that is 30% higher than the GTA average. Toronto's business taxpayers do not receive a higher level of service than those outside the city, nor do Toronto's publicly funded schools benefit from businesses paying a higher rate of education taxes. Given the current economic downturn and the difficulty in attracting business and investment to Toronto, the 2014 timeline for reduction in BET needs to be expedited to ensure businesses can remain competitive in challenging economic times.

As noted in the 2007 Ontario budget: "This initiative is a key element in the government's overall strategy to enhance Ontario's investment climate and builds on the proposal in this budget to accelerate the elimination of the capital tax to July 1, 2010. The BET reductions will improve the competitive position of Ontario businesses, create new jobs and strengthen the provincial economy."

**Education:** The Toronto Board of Trade is advocating that the provincial investment in post-secondary education be raised to meet the national average. Despite its status as one of Canada's wealthiest regions, Ontario devotes fewer resources on a per capita basis to higher education than all other provinces. We also encourage increased investment in post-secondary research to ensure that Ontario remains competitive in the global knowledge economy.

While the Toronto Board of Trade acknowledges and supports the critical education investments provided in recent budgets, the province must continue to make investing in post-secondary education a priority. We recognize that this type of investment takes substantial dollars. Even though the province is saddled with a deficit and a substantial fiscal gap, we believe this is a necessary investment for our long-term prosperity.

The board of trade was pleased and applauded the province's recent historic announcement that it will reverse the financially devastating municipal downloads of a decade ago. We are particularly pleased to see the volatile costs of welfare benefits lifted from the property tax base. However, we are concerned about the 10-year phase-in of this upload.

We commend the province for its bold action plan to reduce child poverty by 25% in five years. At the same time, we remain concerned that in this time of economic upheaval, Ontario will likely see a spike in welfare caseloads in the near term. Over the next decade, the brunt of this load will be borne by Ontario's largest urban centres, where welfare rates are already disproportionately high. We are calling on the province to consider measures that would shield municipalities from the impact of such an unmanageable liability.

Finally, the board of trade is exploring an interesting and innovative policy that is currently in place in Ireland and was in place in the UK. This policy is designed to incent private venture capital investments, which have rapidly dried up in just a few short months due to the economic downturn, a very troubling development that is driving a stake into the heart of our hopes to evolve an innovation economy. Our submission will provide greater

detail, but essentially the Irish policy provides individual investors with income tax relief on investments into non-IPO companies up to a capped limit of, say, \$250,000 per year. The idea is to encourage individual capital to flow to companies where traditional money markets are shy to venture.

With that, Mr. Chair, I will end my remarks and open it up to questions from the committee.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning goes to the official opposition. Mr. Hudak.

**Mr. Tim Hudak:** Thanks very much to the Toronto Board of Trade for the presentation. I think it's always important, too, to note in discussion of exchange of services that in the 1990s the province also uploaded about \$3 billion in education costs and took away that guaranteed double-digit property tax increase that school board trustees always put on residential property owners, as well as businesses. The reason Toronto's BET is so high is because that old system was done away with under the previous PC government.

The McGuinty government gave the city of Toronto new taxation power to tax people buying homes, and on alcohol, tobacco and parking. Correct me if I'm wrong, and I hope I am: Didn't the board of trade take a positive position on that? Did you actually support these tax increases? Most of your presentation is about lowering the tax burden.

**Ms. Carol Wilding:** Going back to the City of Toronto Act, in terms of the powers that that brought, the board of trade was very involved in putting the City of Toronto Act together, as one of the parties to it, which did enable the city to bring in and consider additional revenue tools.

**Mr. Tim Hudak:** Did you support the new revenue tools, though?

**Mr. Richard Joy:** If I could just expand: That's correct; the board did support the broadening of revenue tools for the city of Toronto. But that was, and is, consistent with a number of think tanks—TD Economics, C.D. Howe and others—who believe that municipalities should have a broad array of taxing powers but not necessarily that the overall tax burden should go up. That might be in place to facilitate the tax points and shifting to create tax room and occupy tax room.

**Mr. Tim Hudak:** Which wasn't done, right? I agree with the majority of your presentation, in that lowering the tax burden will help businesses and create jobs in the city of Toronto and such. That's why I found it curious that the board of trade was supportive of the new taxes. I don't think C.D. Howe and such would ever have discussed the benefits of a land transfer tax or a tax on alcohol or theatre tickets—that sort of thing.

**Mr. Richard Joy:** It's not inconsistent. I don't think the board has ever supported a greater overall tax burden; it just supported the notion that, rather than transferring funds from senior levels of government down to municipalities, which is sort of the norm, that be done by transferring tax points, so that there would be tax room created at senior levels of government to absorb the tax

increases and everything nets out at no tax increase. That, again, is very consistent with a lot of—

1540

**Mr. Tim Hudak:** You mentioned Vancouver's TransLink proposal in the board makeup. They have taxing authority, right? TransLink in British Columbia can levy taxes on businesses and residences, and I think the board is appointed; they're not politicians. Do you, in effect, support taxing authority for Metrolinx? Do you think Metrolinx should be able to levy taxes?

**Ms. Carol Wilding:** I think Metrolinx needs the legislative powers to be able to take in a variety of sources of revenue and to control the flow of that revenue out to the various projects and programs.

In terms of specific revenue sources, I think it's not politically palatable, and nobody is really in a rush to have the conversation around potentially what congestion charges or other types of fees would look like. I think that's something that dialogue should probably begin on sooner than later, but we have the province's commitment of the \$11 billion that we're saying we need to get on with, and we have already begun discussions with the feds around the \$6 billion. That, in and of itself, won't deal with all of it, as we've said, but there are opportunities, as well, through P3s or AFPs—the alternative process—to bring private money into it as well. So we would certainly support that.

**Mr. Tim Hudak:** I think you made an important point about relieving congestion and the city of Toronto opening up transportation routes so that customers can get to businesses and products can get back and forth. As part of that, do you see an increase in road capacity or highway expansion? Is there room for a new route into the city of Toronto?

**Mr. Richard Joy:** I think that, in part, is why Metrolinx exists: to do that very kind of planning. I think it's sort of not necessarily the board's expertise to give transportation advice, but the Metrolinx authority on transportation planning is quite broad and could include more than just transit.

**Mr. Tim Hudak:** But it hasn't to date, right? It's been very transit-focused, which is important, of course, but they haven't recommended any highway improvements in the city of Toronto or into the city.

**Mr. Richard Joy:** That is true, but it's their mandate to take that evidence and produce the kind of recommendations that they do. That's the purpose of that board.

**Mr. Tim Hudak:** But do you have an opinion, in terms of expanding highway capacity into the city?

**Ms. Carol Wilding:** No. Our submission around that didn't go down to the level of detail as to which lines on a map or which roads or exactly what the system needs to look like. To Richard's comment, we're looking for the experts to make sure those pieces are there. I think the connectivity in the regional piece is the important piece to making sure it really is a regional system and to get on with the series of priority projects that are there. That's where a lot of our response has focused, along with the governance and the funding pieces.



**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

### COMMUNITY SOCIAL PLANNING COUNCIL OF TORONTO

**The Chair (Mr. Pat Hoy):** I call on the Community Social Planning Council of Toronto, Workfare Watch Project.

Good afternoon. You have 10 minutes for your presentation, and there could be five minutes of questioning. I'd just ask you to identify yourself for our recording Hansard.

**Mr. John Campey:** Thank you very much. My name is John Campey. I'm executive director of the Community Social Planning Council of Toronto. The Workfare Watch Project is a project that harkens back to a former provincial government, so I'm pleased to be continuing the work that initiative took on behalf of marginalized communities in the province. I'm very pleased to have the opportunity to speak to you today, and thank you very much for the opportunity.

The Community Social Planning Council of Toronto is a non-profit community organization targeted at improving quality of life for residents in Toronto through engaging in research, policy analysis, community development and civic engagement. Our primary policy focus is on poverty reduction, income security, good jobs, affordable housing and strong public education.

The council appreciates the opportunity to present today to the Standing Committee on Finance and Economic Affairs with respect to the 2009 budget. There's an element of serendipity in the fact that we've ended up making this presentation on the day that the government has released its poverty reduction strategy. Some of my more raucous colleagues are out in the hallway at the moment, sort of responding to the release of that strategy. We support the government's initiative to significantly and measurably decrease poverty in our province, and hope that the 2009 budget will begin to put some flesh and sinew onto the promising skeleton that was announced earlier today.

The time to act boldly is now. As the world faces uncertain economic times, one thing is certain: We cannot afford to let those with the least be the hardest hit. It didn't work in the last recession, and it won't work now. We must invest in our most valuable assets: the people of Ontario. Prior to the slash-and-burn approach of the mid-1990s, government response to a recession was to improve conditions for the poorest Ontarians, not to wait until financial times improved to think about those who were in greatest need and getting left behind.

We know that this government cares, and we applaud the province's commitment to poverty reduction, but we need a bold plan of action, not reduced expectations. It's not just the advocates talking; most Ontarians want leadership on poverty reduction. In fact, in a recent poll, more than 80% of people in Ontario think that, in a recession, helping the poorest among us is top priority.

Almost 90% said that they would be proud if Premier McGuinty took the lead on reducing the incidence of poverty in our province, and more than half of Ontarians think reducing poverty by 25% in five years is the right way to go, with another 25% thinking that we should reduce poverty even more in that time frame.

As jobs disappear and people see their savings depleted, they want to know that their government will be there for them in hard times. They want to know that their leaders have a plan not only for the businesses but for the average family facing tough times. They also know that lifting people out of poverty and preventing more from becoming poor is the right thing to do.

The Community Social Planning Council of Toronto is a partner in the 25 in 5 Network for Poverty Reduction, and we fully endorse their tests for a successful poverty reduction strategy. We identified the need for:

- a target of reducing poverty by 25% in five years and 50% in 10 years;

- a measuring stick to monitor progress;

- policy commitments that address sustainable employment, liveable incomes for all and building strong and supportive communities;

- legislation and accountability; and

- a commitment to a down payment in the 2009 budget.

The commitment to the target of reducing poverty by 25% in five years is possible, and makes Ontario a leader in poverty reduction in Canada and internationally. To monitor progress, existing measures such as the low-income measure, the low-income cut-off and the market basket measure can be used. Along with these measures, tracking progress in key policy areas will contribute to success in reducing poverty. Making sure we're on track also means annual follow-up and accountability measures, including annual public reporting on progress and ongoing public consultation.

We applaud the government today for substantially addressing these tests identified by 25 in 5, but we wanted to take this opportunity to highlight a few other key measures that we believe should be incorporated into the 2009 budget to address what continues to be growing inequality and poverty in our province.

The first is a desperate need for increased financial support to individuals living on social assistance. Ontario Works and Ontario disability support program payments remain well below inflation-adjusted levels for 1995. The measures announced today promise substantial, positive change for individuals on social assistance, but those measures will not help them pay the rent, feed the kids or heat their homes for this next year.

The second is a plea to expand and fast-track the supply of affordable housing in Ontario. A variety of initiatives are on the table to rehabilitate and expand the existing social housing stock, and full advantage should be taken of these to get more Ontarians into safe, decent and affordable homes.

Planned investments in early childhood learning and increased support for quality affordable child care are

also critical to securing our progress as a province. Fortunately, all of these investments will also put money into the pockets of low-income residents in our province, providing exactly the kind of targeted stimulus needed at this time of economic crisis.

The other new investments announced in today's poverty reduction strategy are also most welcome, but it is not just these measures that are needed. The community organizations that support people in need are also key partners in poverty reduction. Community agencies have always been there to help Ontarians in tough times and help them to get back on their feet. But these agencies have also been affected by the cuts of the 1990s, relying on patchwork project funding and facing onerous administrative requirements that cost many organizations almost as much as they receive in funding. We need to ensure that there is core stable funding that will enable these valuable community assets to make the long-term contributions needed to build a stronger Ontario during tough times.

1550

I just had the opportunity to hear the tail end of Mr. Mackenzie's presentation, when he was talking about the need for some sort of fund to support non-profit community organizations that are seeing their charitable funding decrease at exactly the same time as need is increasing. He wasn't aware that there's a group of front-line agencies that have come together, the Recession Relief Coalition, that will be putting in a request to both the federal and provincial governments to address exactly that concern. It's a coalition being led by a quite prescient downtown Bay Street business person. It was the first time many of us had seen the view from the 46th floor of Commerce Court. It's an opportunity, I think, to bring together business, government and community to address what's going to be a really significant need over the next year.

We know that change doesn't happen all at once, but Ontario needs to make a down payment now, in the 2009 budget. The erosion of the social safety net by the previous government has never been fully repaired. As the cost of living keeps increasing, those who have the least fall further and further behind. In the 2009 budget, you have the opportunity to affirm that we can weather the economic crisis and emerge strongly as a province.

Thank you very much for the opportunity to speak to you.

**The Chair (Mr. Pat Hoy):** Thank you. We'll go to Mr. Prue of the NDP for questioning.

**Mr. Michael Prue:** I was at the news conference today, and we had a discussion yesterday, and to no one's surprise, I was more disappointed than you by what was done today. I was disappointed because Breaking the Cycle dealt almost exclusively with child poverty and had almost nothing to do with other people who are in poverty: the disabled, people without children, the homeless, aboriginal communities and the like. What you've said here is in terms of child poverty, but you went on to talk about increasing the rates and building social hous-

ing and other things. Did you think they were reflected today at all?

**Mr. John Campey:** I think they were reflected in the body of the document, in terms of other areas for action. One of the reasons I wanted to speak to you today, or in the context of the budget, was that they are identified as part of the skeleton and the framework, but we are very much hoping and anticipating that that will be fleshed out in budget allocations in 2009. They're clearly areas that need to be focused on.

I think there's a recognition that children don't live in isolation from their families or the communities around them and you can't effectively address child poverty without addressing poverty in a much broader way.

**Mr. Michael Prue:** Of course. But only 5% of people on ODSP actually have children; 95% of ODSP recipients, either because of their age or because of their infirmity or whatever, don't have children, so I'm just sort of feeling that they've been left out.

**Mr. John Campey:** That's one of the reasons why this presentation addresses the need for a significant increase in social assistance.

I would encourage the committee to look beyond specific percentage increases, because those have a certain political challenge with them, and we accept that. There are ways of putting more money in the pockets of the very poorest in the province that can be framed other than just an X percentage rate increase; for example, looking at something that addresses the fact that food bank usage is skyrocketing, that addresses the cost of food for individuals on social assistance. There are ways of framing a supplement that would be, perhaps, less politically toxic and provide more opportunity for actually putting money that's needed in the pockets of people living in poverty.

**Mr. Michael Prue:** One of the things that I have suggested—and exactly on that point, not doing a percentage, but looking at the actual cost of housing. Many years ago, Anne Golden suggested that the amount of money that was given to ODSP and OW recipients should be 85% of the cost of housing in a particular locale. In Toronto, for a one-bedroom apartment, that 85% may be close to \$800 today, or \$750, whereas in other locations—I was just in Windsor last week. For a one-bedroom apartment—I saw a big sign on a brand new building—they were talking about \$550. So 85% of that would only be about \$500. Is that the kind of thing the government should be looking at: increasing the housing portion of ODSP and Ontario Works, as opposed to just giving a 5% increase?

**Mr. John Campey:** I think that would certainly be helpful. One of the striking things, in terms of the difference in poverty rates between Ontario and Quebec, for example, is the differential cost of accommodation. It's much more expensive in Ontario, so the same or similar payments in social assistance will go much further in Quebec. Anything that acknowledges the kind of significant differences there are in accommodation costs, I think, would be useful, particularly for the people who



have to bear the brunt of that, who are the ones in Toronto and the other large urban centres.

**Mr. Michael Prue:** You went on, finally, to talk about the community agencies. You're right: Mr. Mackenzie did talk about the need to support community agencies in this time of economic downturn because they're going to be needed even more than ever, and the fact that because so many of them have not had meaningful augmentation of rates and monies available to them, some of them may go under when they're most needed.

Do you have any indication—we are the finance committee; we look at money—how much money, in your view, that might require?

**Mr. John Campey:** It is a very real concern. Just to put it in a little bit of context: United Ways across the province raise approximately \$200 million a year. The majority, about three quarters of that, goes directly to core support for agencies. The entire core support that's available at the moment would be in the order of \$150 million, so some percentage of that would be most helpful. I wouldn't want to put out a particular figure, but that will give you some sense of the kind of scale to match the kind of core investment that the United Way makes across the province. Most of the core capacities of charitable organizations would be on that order.

**Mr. Michael Prue:** So we're looking at a relatively small amount—\$20 million, \$30 million would definitely—

**Mr. John Campey:** That would make an enormous, enormous difference.

**Mr. Michael Prue:** An enormous difference. Okay.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. John Campey:** Thank you very much.

#### CANADA'S ASSOCIATION FOR THE FIFTY-PLUS

**The Chair (Mr. Pat Hoy):** Now I call on Canada's Association for the Fifty-Plus.

**Ms. Susan Eng:** In fact, our name has changed to simply CARP, because we are representing people from the age of 45-plus, the last of the boomers, and it means that we are representing a huge demographic.

I have, really, some broad focus. First of all, how important it is: The demographic of the 45-plus represents 14.5 million Canadians, or 42% of the Canadian population, of whom 5.6 million live in Ontario. There are 4.6 million Canadians who are 65 years of age or older, and 1.8 million of them live here in Ontario.

Today, the province issued its poverty strategy, and we certainly welcome that, but we noticed that there was but one paragraph that mentioned seniors in the long document, and the language was that only 3% of seniors live in poverty. Well, that's 58,000 Ontarians, so it is an important sector that is very important for us to keep in mind.

I provided a written presentation but I would like to highlight a few points, the most important of which is

that we're speaking of a demographic—the 45-plus, including all the way up to the older members—of people who have been very dynamic, who are the most avid voters; 70% of the eligible voters vote regularly. They represent a very politically engaged group. Their spending power and authority is also a great impact on our economy.

Our recommendations here today are not for major spending, which might be a surprise to you, given that it's the budget committee, but for a realignment of public spending so that we can lever the enterprise and the priorities of people who have already been making great contributions and wish to continue to make contributions to the economy.

We're not losing sight of those who need income supports. We are gratified to see that there is a poverty strategy that has been announced, and we would encourage the province to gather in the plight of seniors as well.

Finally, this is an opportunity, in this economic crisis, for real federal-provincial co-operation. With the shenanigans in Ottawa, as we witnessed, I'm sure that it is a lesson to all provinces to use this opportunity to show co-operation and get at some of the larger issues that require us to actually operate across the different jurisdictions.

On the economic front, to deal with the economic crisis that's in front of us, we have a number of recommendations, some of which will provide some immediate relief and some of which will provide some long-term protections, most of which will not cost the province very much money.

#### 1600

For example, one of the things that CARP has been on the record asking for for some time is the full unlocking of life income funds to allow people to use their money as they need it. To the extent that you have to phase in that unlocking process at present—it is 25% here in Ontario; 100% in Saskatchewan, for example; and 50% at the federal level—then at least we move that cost that you charge now for people asking to have their funds unlocked on compassionate grounds. Currently, there's a bureaucratic process plus at least a \$200 fee. For people in dire need, that's really salt in the wound. This measure would not cost the government any money; in fact, it might earn you some tax revenues as people start spending their savings on things that they need.

The next is pension reform. The Arthurs commission, the expert panel on pension reform, is something that has dealt with the issue of pension reform in a most comprehensive fashion. I would, with very few exceptions, say that CARP has fully endorsed all of its recommendations, and we encourage the province to work with your provincial and federal counterparts to move on those recommendations. They've touched some of the more difficult issues in pension reform and they've done them properly. The most important thing coming out of that for us is to remind the policy-makers that there must be room at the table for retirees and their knowledgeable representatives. This is true, also, in respect to the commission and our call for a pension summit of all the

federal and provincial finance ministers in this case to look at the issue and get started on it, but make sure that the interests of plan members and retirees are represented at the table.

We endorse this province's call for a national securities regulator—I have always done so—but it's also important to us that there be an enforcement capability so that the regulations that you pass are capable of enforcement.

Finally, for those people who don't even have pension plans to worry about in this chaos, work with the federal government to provide a universal pension plan, a defined benefit plan, with access to everybody, based upon the architecture of the Canada pension plan.

For low-income seniors, we have a number of recommendations. This province had already indicated in its last budget that there be a \$250 to \$500 property tax grant for low-income seniors, and that certainly goes a long way to helping. However, with the massive increases in property taxes, it may need a great deal more relief, and we are encouraging the province—once again, this is not going to cost the province very much money—to encourage the municipalities to provide relief. I know you have a provision that says that they should have a bylaw that provides relief, but it's a patchwork; it's a bit here, it's a bit there, some have none, and hardly anybody seems to know about it because we get calls in the office all the time and then we have to check their postal code to see if they can possibly get any relief.

Relief from poverty: Your strategy today, as I mentioned, focuses on children, which is very admirable; it's important. However, there was hardly any mention of seniors. We are recommending that the guaranteed annual income system payments, currently at \$83 per month, be increased so that the guaranteed level of income at least meets LICO. At the moment, it falls well behind in the larger municipalities. With seniors, there are issues around the fact of drug coverage and that kind of thing, which makes it nearly impossible for them to make ends meet. This is an area which I think needs some urgent attention, and we would look forward to seeing a comprehensive strategy such as you have indicated for removing child poverty to apply equally to seniors.

Another question that low-income grandparents face is kinship allowance. The province has, in its wisdom, provided a small amount to assist grandparents who are obliged by family circumstances to look after their grandchildren. We have always recommended that this amount should not be a discretionary amount. It should be at least equal to what people get for foster parents; strangers looking after children get more money than this. Right now, there is a concern that even the small amount that grandparents are getting is being removed based upon an interpretation which we think is unfair, so we encourage assistance in that way.

There are a lot of older adults who would like to keep working, sometimes because they have to and sometimes they simply appreciate the dignity of work. I don't have

to tell you, I imagine, that here it's not a function of whether or not their work is valuable but a function of ageism; it's quite simple. What we are recommending is to assist, at least at the provincial level, with laws that will assist in relation to their health plans, their job match, skills development and so on that allow older workers to stay employed and employable and also to encourage employers to have innovative programs that will assist them keeping the knowledge and experience of older workers.

The area of health and wellness is where you may have to think about additional spending. But once again, a reallocation of your budget to the priorities here might provide some relief. The major challenge facing our demographic today is home care or caregiving. At the present time, the concern is that individuals are not only looking after their children but often looking after parents or spouses, and they would prefer to look after them at home.

Currently, the system acknowledges that, but the processes available to actually assist in doing that are yet to be found in adequate levels, with the result that a lot of people line up to get into long-term care. There are currently 24,000 Ontarians waiting for spaces in long-term care. Many of them are waiting because they figure that by the time they get there, they're going to need it. So they're lining up before they actually need it.

Our recommendation is to better develop home care so that people may never have to go into long-term care if at all possible. That means there needs to be better spending and targeting for home care, funding for doctors to make house calls, supportive housing where there is on-site care personnel and actual stiffer enforcement of long-term-care standards, so that beds that are in substandard homes are reallocated to those that are actually meeting the promise of a home away from home.

We would also encourage the development and adoption of a national strategy of pharmacare, so that there is a universal drug plan to replace the currently very expensive patchwork. We also encourage the province to revise its regulations on out-of-country health coverage, which currently provides an outlet for those people who are unable to find medical coverage on a timely basis within Canada to be funded to go outside Canada, but the regulations that require absolute prior approval are undermining the proper goals of that program.

In our view, we believe that many of the recommendations we have here do not require massive new spending of public funds. However, they do need a realignment of political priorities, and we believe it is high time that people who have been contributing to the economy for all their lives can see that the public system will be there for them when they need it. Thank you very much.

**The Chair (Mr. Pat Hoy):** Thank you. We'll go to the government. Mr. Arthurs.

**Mr. Wayne Arthurs:** Thank you very much for your presentation. As I look around the room at the committee members, there are one or two of us who could probably be members at this point, but we would be in the minority.



**Ms. Susan Eng:** Yes, you only have to be 45.

**Mr. Wayne Arthurs:** I and maybe one or two others around this table would definitely be in the minority as to those who would be eligible.

**Mr. Tim Hudak:** Name names.

**Mr. Wayne Arthurs:** I need just look around, without even turning my head left or right.

Thank you so much for the presentation. You covered a lot of territory in the relatively short period of time that was available to you. I assume you're referencing extension of the mandate to take into account those who are in mid-life and working toward other activities. Certainly the unlocking of LIF/RRIFs is a positive move we hadn't done before that we're moving on. I would suggest there's further conversation that should go on in that regard, particularly in light of the fact that if we want to do things co-operatively with the federal government, that might be sort of a next step we might want to look at. I recognize what Saskatchewan has done on that front, but from my perspective at this point in this committee, looking at that might be one area that would be of particular interest and, in today's economic climate, of particular benefit given what we're going through at this point in time.

When I hear the Arthurs report, I quickly identify the fact that it's not a family member. I wish it was, at times; I wish I had some of the skills he has. But you've got a couple of reference points on pension reform and a pension summit. Can you take a minute to just expand a bit on things you're seeing there that you like and how you might see a pension summit working?

1610

**Ms. Susan Eng:** Absolutely. The importance in pension reform is that there are a number of issues that are really coming to light in this economic crisis, things that have been ignored in the past.

The biggest issue is the matter of surpluses, non-existent at the moment, but when surpluses exist, that they actually are protected against a rainy day, which would have helped in the current crisis. That is something that the Arthurs commission actually dealt with. It has always been the third rail in pension reform because the debate is whether employers or employees own that surplus. That's an important aspect that he has offered some solutions for, which we think is important.

Guarantees on bankruptcy—we heard that exact example. General Motors is one of those where we never used to pine for well-looked-after defined benefit plan members like CAW pensioners. In fact, they have to consider, if somebody as big as General Motors were to go bankrupt, what would happen to their pensions. They would not be in a position to fund a pension deficit, and their pensions might go missing. This is the issue that has come to light.

In the past, had we tried to explain this to anybody, nobody would have paid attention, because why would General Motors ever default? Right now we see prime examples of the issues that have been nagging pensioners in relation to defined benefit plans even for quite some time.

The other thing that was important about the Arthurs commission report was the acknowledgement that there are a lot of people who don't have pensions to worry about. These are people who worked in industries where there wasn't a pension. The CPP goes to a maximum that does not include them and now, as they retire, they find that they have actually nothing to rely on. That is a group of people who require a savings vehicle much like the Canada pension plan.

You'll recall that recently the Canada pension plan announced that it had its quarterly performance similarly hit by the market turmoil. However, they said, "We're not worried because we have an 11-year payout period, and we have so many people involved, we're not going to worry about being able to pay the pensions." That is because they are so big, because they are professionally managed, and they can weather a storm like this. They have such a long payout. That's why we are recommending a universally available defined benefit plan, which of course the Arthurs commission also recommended.

All these kinds of changes require federal and provincial co-operation simply because they have overlapping jurisdictions, so those are important things.

When they have the pension summit, the one thing that we would impress upon all of the policy makers is that they include knowledgeable representatives of retirees and plan members at the table. Too many times, these decisions are made by somebody else, and the people who are most hit have nothing to say about it, so that would be my strongest recommendation in relation to the recommendations that came out the Arthurs commission report.

**Mr. Wayne Arthurs:** I was going to tell you that some of my constituents who have taken the time, over the four or five years that I've been in this office, to come and talk about pensions, pension reform and retirement savings, have a tremendous amount of skill—a career in the area in many cases. I've learned a tremendous amount from them in that process.

You've made reference to, in the bit of time that I might have left—am I almost done?

**The Chair (Mr. Pat Hoy):** You're running very low.

**Mr. Wayne Arthurs:** You've mentioned a national securities regulator, and we've consistently spoken to the idea of a common securities regulator as opposed to a national one. Are you making any distinction between the two? People call me and talk about "national." We talk about "common" as opposed to it being a national function.

**Ms. Susan Eng:** I understand. I think that the importance is uniformity: uniformity of regulation and reciprocity between the jurisdictions. That is very important. We hope that that means efficiencies as well. But from the point of view of our members and our constituency, the important fact is that if they pass regulations that are common, make sure you're able to enforce them because for the smaller investor, part of their problem is that there's nowhere to go when things go wrong.

The national securities regulator, or the common securities regulator, really only makes it easier for com-

panies that wish to issue an IPO to do so and have it uniformly recognized across Canada. The spill of impact to protect the average investor is limited.

**Mr. Wayne Arthurs:** Okay. Thank you so much.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Tim Hudak:** Point of order, Chair: I just want to make a general point. I appreciate Ms. Eng's presentation. It wasn't a question for our presenter, although I enjoyed it. I think my folks are either current or former members of CARP, and maybe in a couple of years I'll apply for it—

**Ms. Susan Eng:** I'll send memberships to the whole committee.

**Mr. Tim Hudak:** There you go. Just in terms of rotation format, my colleague Elizabeth Witmer, who's our health critic, had asked that questions be asked of Ms. Eng—and with the rotation model, just by luck, it doesn't pop up. I don't know if we could speak off-line or as a subcommittee and revisit the model that we're using for next week's hearings—because sometimes there are groups that I'd like to ask questions of, and just by luck, I don't have that opportunity; or my colleagues would like questions asked, and by the luck of the draw, they don't have that opportunity. I needed to raise that point. Maybe we could distribute the time evenly, going forward.

**The Chair (Mr. Pat Hoy):** We can discuss it, as a committee, for the next meeting.

#### ONTARIO ASSOCIATION OF RESIDENCES TREATING YOUTH

**The Chair (Mr. Pat Hoy):** Now I call on the Ontario Association of Residences Treating Youth to come forward, please.

Good afternoon. You have 10 minutes for your presentation; there could be five minutes of questioning following that. Please identify yourselves for the purposes of our recording Hansard, then you can begin.

**Ms. Andrea Rifkin:** Andrea Rifkin.

**Mr. Gordon Moore:** Gordon Moore.

**Mr. Richard Solomon:** Richard Solomon. I am the executive director of the Ontario Association of Residences Treating Youth. I'll be turning this over to my colleagues immediately. I just want to state that we do have copies of the materials that we're going to be referencing and we'll be pleased to distribute them after the presentation.

**Mr. Gordon Moore:** Good day, everyone. I am a member of the Ontario Association of Residences Treating Youth, OARTY. OARTY is a provincial association representing approximately 80 member agencies, which since 1971 have been providing high-quality residential care and treatment services. Roughly 4,000 children, youth and young adults are cared for annually within this sector, representing approximately 25% of the children in residential care in Ontario.

I want to paint you a picture of how and why we care for the most vulnerable children in the province. We come to have these kids when the rest of the residential care system finds it cannot care for or cope with them; for example, when CAS homes or Children's Mental Health Ontario agencies choose not to take them or don't have the expertise to manage them, because they do not have the treatment programs that these kids need.

Our children are among the most damaged, difficult and challenging kids in Ontario: 53% have disabilities requiring intensive support for the rest of their lives; 26% are diagnosed with moderate to severe intellectual disabilities; 24% have experienced both physical and sexual abuse; 14% have no speech; 51% of these children have lived their entire lives in poverty.

Personally, I live in Stirling, Ontario, where I run Holloway House with my wife, Michelle, and our natural children. In our home, we care for nine critically ill kids whose conditions range from the congenital effects of fetal alcohol syndrome and drug use to rare genetic conditions, all of whom require hands-on care for every function of their lives.

Today, I'd like to tell you a story of two children; I'll call them T and J. They're in the care of a colleague of mine, Sean Connor, who runs Connor Homes. Sean met T and J, ages 7 and 8 at the time, in February 2004. These aboriginal children had witnessed horrific crimes of violence and had themselves been victims of both sexual and physical abuse throughout their young lives. These were not easy-to-care-for kids. From the ages of 3 and 4, T and J had moved through 61 homes, including kinship care and internal CAS foster care, not once receiving treatment of any kind or seeing a therapist. After all the abuse and wretchedness that these children had to suffer, they landed in a place where they could be properly cared for, as Connor Homes has special expertise in the areas where these children needed help. This should be a happy ending and in many ways it is, but here's the thing: Our sector has not received a cost-of-living adjustment for the support and care of these children or the critically ill children in my care or in fact all of the children that OARTY represents since 1988. Actually, our rates are less than those set in 1988, because the rates were clawed back during the Rae years.

You have to ask yourselves why T and J, after having been so brutalized by life, were deserving of less funding. Well, of course, the answer is that in no way are they less deserving. You have to ask yourself, "How this could be? How could this bizarre funding and level of support exist? Haven't various governments over time invested some money in the system?" Well, yes, actually, they have. In the budget of 2004, the government provided a 3% increase to the base budget of transfer payment agencies. In 2004, they provided \$25 million, with \$38 million in each of 2005 and 2006, to transfer payment agencies for programming. OARTY agencies did not receive a dime of that money.

One might ask why we haven't brought this to the attention of government. We have. Since 2001, we have



been speaking to civil servants both at MCSS and MCYS. They have patiently explained to us that our kids don't get any of that money because under the current system there is no funding mechanism in place either to flow the funds directly from the ministry to our agencies, or that mandates that flow of funds through the children's aid societies, who are often the child's case management agency and payer on behalf of the province. This has been explained to us as though it was the answer to our dilemma, and never as though it was the problem. It is most definitely a problem. I wonder how T and J would understand it—

*Bells ringing.*

**The Chair (Mr. Pat Hoy):** I'm going to interrupt you now. We have a vote in the next three and a half minutes. We will recess and then come back and hear the rest of your presentation.

**Mr. Gordon Moore:** Okay.

**The Chair (Mr. Pat Hoy):** We'll recess until after the vote.

*The committee recessed from 1621 to 1630.*

**The Chair (Mr. Pat Hoy):** The standing committee will now come to order again. I apologize for the interruption, but it was a vote in the House.

You have six minutes remaining, so if you could begin again.

**Mr. Gordon Moore:** Just to recap, I was talking about two young boys, T and J: 61 placements, no treatment, and then they came to us and were funded in Peterson dollars. When we've asked the government about that, it's been explained to us that the answer to our problem is that there's no funding mechanism to flow the dollars on behalf of the children to the agencies in our association that are caring for them.

It is most definitely a problem. This is not the answer; that's our problem.

I wonder how T and J would understand it. If they had stayed in the day-to-day care of the CAS, they would have better toys, better food and better-trained staff, because that's what money buys. However, they couldn't stay there because there was no adequate treatment and no one wanted them; 61 families and group homes proved that. So they came to us, and we had the expertise, but somehow there was less money for food and toys and their clothes and the gas that runs the car that takes them to the psychiatrist they needed to see. I guess we'd have to explain to them the notion of a Catch-22.

Don't the kids in OARTY homes need programming? Of course they do, but there's no flow-through mechanism. The government may increase funding for children in Ontario, but our kids never see it.

Is it really the intention of government to give 100% of the increases for programming to 75% of the children? Is it really the intention of the government to keep 25% of the children at a cost-of-living standard that was clawed back from one set in 1988? It can't be.

OARTY homes provide care in the form of staffing, food, transportation and treatment to children with complex special needs. The challenge of providing this treat-

ment and care in the overall fiscal climate is significant. At the current rates, OARTY homes are struggling to afford healthy food and proper nutrition. To put it squarely on the table, we ask the government for equity only. We don't want any more resources for our kids than the TP agencies have for theirs.

To get us to equity, we are asking for \$30 per day per child. That's \$30 times 4,000 children times 365 days. That's \$44 million. And let's be clear: This is for T and J, sexually and physically abused, rejected 61 times by the ages of 7 and 8. It's for the kids in my care suffering from prenatal and genetic insults. OARTY is requesting a \$30-per-child increase to the average per diem rate for all per-diem-funded residential care agencies, consistent with the investments the government has made in the education, health and social assistance sectors over the past six years. By increasing funding and addressing the loopholes in the current system, OARTY agencies will be able to continue to provide the best treatment to the neediest children in the province.

**Ms. Andrea Rifkin:** Let's change gears here just a little bit. I'm Andrea Rifkin from the Circle of Support and a founding member of OARTY.

I want to pick up on T and J's story still, but from a slightly different angle. Why did it take so long for T and J to get into Connor Homes, one of the OARTY homes? It took so long because the government pays CASs, the legal guardian, an incentive fee to find a foster care solution within the CAS internal system. T and J didn't need foster care. We heard that. They clearly needed very specialized care for children who had witnessed and experienced physical abuse. They needed staff who treated children who had been sexually abused, and it took 61 placements to get there. But think of how much money it really cost the system to try those 61 different placements, all because there's a financial incentive to find a foster care solution. With a proper triage mechanism in place, one that puts the interests of the children first absolutely—T and J and the thousands of other kids suffering from abuse and neglect would receive the care they deserve in a timely and cost-effective manner.

Interestingly, when MCSS was revolutionizing the DS sector through Bill 77, they were set to duplicate all the things that are really broken in the child welfare system, including this lack of a triage mechanism. OARTY lobbied at that time to ensure that never again could a system be enshrined that so poorly served its constituents. When Minister Meilleur was made aware by an OARTY member that in the DS sector, no flow-through mechanism existed to pass along these funding increases to the private or per diem home sector that went to the transfer payment agencies, naturally she vowed to change it. We applaud her for that and hope she succeeds.

OARTY is requesting that the Ontario government address the inequities in the current system related to funding mechanisms and cost-of-living adjustments, to ensure that the most damaged children receive the care and treatment they deserve. We believe that an enhanced

accountability within the child welfare sector would pave the way for more efficient use of the dollars that provide for effective care. We do have a six-point solution that we think would help the Ontario government provide for all children and youth to have the best opportunity to succeed, to reach their full potential. They involve:

- (1) Enhanced ministry accountability;
- (2) A new funding relationship model;
- (3) Third party accreditation of institutions dealing with children and youth. We are undertaking this and would respectfully submit that the transfer payment agencies should also go this route as well;
- (4) One per-diem-funded residential care system;
- (5) Funding according to levels of care; and
- (6) Enhanced criteria for licensing new homes and new operators.

Thank you so much for your wisdom, your compassion and your foresight.

**The Chair (Mr. Pat Hoy):** And thank you for the presentation. This round goes to the official opposition.

**Mr. Tim Hudak:** Thank you very much to the OARTY members for the presentation. It was a very moving story about T and J.

I want to make sure I understand. If T and J are in an OARTY home, the level of funding is how much less than if they were in a foster home or in a transfer payment agency?

**Ms. Andrea Rifkin:** Probably from a funding perspective of a foster home—the thing you have to understand about a per diem rate is that it's everything for that one price. It's bricks to bread, as I always say. In a foster care rate, it might be told that if my rate is \$200 a day and the CAS may quote, "Well, ours is \$130 a day for this specialized treatment," that's not the bricks to the bread. It might be the bread and a little bit more in clothing and some tutoring, but it doesn't encompass all the treatment needs, and as we've heard, they fail anyway. So they end up in our care.

To the transfer payment agencies, the rate is about a third less.

**Mr. Tim Hudak:** You're about a third—

**Ms. Andrea Rifkin:** Yes.

**Mr. Tim Hudak:** So if T and J go to an OARTY home, about a third of the money follows them, compared to a transfer payment agency.

**Ms. Andrea Rifkin:** Right.

**Mr. Tim Hudak:** So are the standards that much higher at a transfer payment agency or something? How can this be justified?

**Ms. Andrea Rifkin:** I don't want to comment on standards of care; I've never worked in a transfer payment agency. I think that from the stories which are true, T and J were in transfer payment agencies. They ended up in an OARTY home.

**Mr. Tim Hudak:** Gord used the figure that 75% of the children would receive enhancements when they would come, and 25% would be left out. To make sure I followed that correctly, 25% of the children are in OARTY homes currently?

**Mr. Gordon Moore:** Roughly that number.

1640

**Mr. Tim Hudak:** So one out of four, when benefits get passed through, don't receive any benefit whatsoever?

**Mr. Gordon Moore:** Correct, because the ministry does set the rate that we can charge, and we don't receive any of the incremental dollars that are funnelled into the system based on service volumes. So, as the children get placed through a children's aid society, they would get funded on a percentage increase based on their service volumes, but they're not looking after a quarter of those kids; we are. And since our rate is set by the government, the CAS cannot pay us anything different from what the government sets.

**Mr. Tim Hudak:** So how does the government justify that three quarters of the kids are more important or more valuable, or need more money than one quarter?

**Mr. Gordon Moore:** There's no funding mechanism.

**Mr. Tim Hudak:** One of your members had a positive conversation with Minister Meilleur. How recently did that conversation take place?

**Ms. Andrea Rifkin:** I believe it was in the summer that we made the presentation.

**Mr. Tim Hudak:** Okay. And you estimate that to level the playing field so that children, wherever they're treated, would be treated the same way—it's about \$44 million?

**Ms. Andrea Rifkin:** Yes.

**Mr. Gordon Moore:** Yes.

**Mr. Tim Hudak:** That will get you immediately up to that position?

**Mr. Gordon Moore:** That was our estimate on a parity amount, yes.

**Mr. Tim Hudak:** What kinds of standards do OARTY homes have? How do you verify to government, to others who would be interested about your quality?

**Mr. Gordon Moore:** There's a licensing mechanism that's engaged in annually, and it is the same licensing mechanism for a children's aid society, a foster home, a CAS group home or one of our homes. It's done by the same department in each regional office at the ministry and it's conducted by the same people, using the same checklists and observational standards.

**Mr. Tim Hudak:** The Ministry of Community and Social Services, then, evaluates the homes on the same basis as the—

**Mr. Gordon Moore:** Children and Youth Services.

**Mr. Tim Hudak:** Children and Youth Services; thank you—evaluates on the same standards as the transfer payment agencies.

**Mr. Gordon Moore:** Yes.

**Mr. Tim Hudak:** Okay. What are some of the recent pass-throughs that have taken place and have not benefited the children who are using OARTY homes? What have been some recent enhancements, either to the transfer payment agencies or CASSs?

**Ms. Andrea Rifkin:** The recent transfers have been to—I think there have been some dollars to enhance



salaries or meet some of the human resources crunch. We're no different; we just haven't received the dollars.

**Mr. Tim Hudak:** I know pay equity is an issue as well, that you're mandated to hit pay equity targets, right?

**Ms. Andrea Rifkin:** Yes.

**Mr. Tim Hudak:** But you don't receive any funding?

**Ms. Andrea Rifkin:** Correct.

**Mr. Tim Hudak:** So how do you do that?

**Ms. Andrea Rifkin:** Creatively. Some of us have actually closed because of the exponential growth that went backwards to—you know, the legislative changes are what caused the issue. It used to be that if we were funded, even arm's-length, by another ministry, we were told we were spared from the pay equity crunch. Then, that changed some years later—about eight years after the legislation came into play—which caused some of us a bit of turmoil.

**Mr. Tim Hudak:** Are you seeing a loss of staff or personnel to the transfer payment agencies?

**Mr. Gordon Moore:** Absolutely. We've sort of become the farm team, doing a lot of the training of new graduates, utilizing students, and then hiring them on when they're done. As soon as they realize that they can make more money somewhere else, they're gone.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation this afternoon.

**Ms. Andrea Rifkin:** Thank you very much.

#### REGISTERED NURSES' ASSOCIATION OF ONTARIO

**The Chair (Mr. Pat Hoy):** Now I call on the Registered Nurses' Association of Ontario.

Good afternoon. You have 10 minutes to present to the committee, and there could be five minutes of questioning—if you would just identify yourselves for our recording Hansard.

**Ms. Wendy Fucile:** My name is Wendy Fucile. I'm the president of the Registered Nurses' Association of Ontario, and with me is Kim Jarvi, the senior economist for our organization. We thank you for the opportunity to be here today and to present the views and recommendations of Ontario's registered nurses.

Nurses work on the front lines, in our hospitals and community clinics, in homes, and for those who do not have homes. We see the thousands of laid-off men and women whose retirement savings are evaporating, whose home values are dropping, and those who find themselves reliant on food banks. Nurses know that it is time for bold action.

Reinvesting in infrastructure and public services is a must. The global economy has entered a period of economic instability unlike any other since the Great Depression, and governments everywhere are responding boldly and decisively.

Federal and provincial governments in Canada cannot afford to stand on the sidelines. We urge Premier McGuinty and Finance Minister Duncan to provide

leadership by delivering effective and timely interventions that will reduce the severity of the recession and its effects on Ontarians.

This is not the time to cut essential expenditures, such as Minister Duncan's announcement that he would slow down the creation of 9,000 additional nursing jobs in Ontario. Such cuts take the province back to the past by creating fear and uncertainty, affecting retention and recruitment into the profession. Additional nursing positions are needed now to assure people right across this province of the quality care they need.

Attempting to balance the budget by either raising taxes or cutting expenditures will exacerbate the economic downturn. Instead, the province should stay on track and advance its reinvestment agenda, which will help restore confidence in the province. It would be a grievous mistake to conclude that we must now make a choice between the so-called economic and social spheres, as if the latter were somehow a luxury reserved for sunnier times.

As the government pledged today, this is the time to reduce poverty in the province. An overwhelming majority of people want leadership in reducing the shameful levels of poverty in our communities. A broad-based coalition known as "25 in 5," of which RNAO is a proud member, urges that economic investment to alleviate poverty is precisely the stimulus we need to weather the economic storm.

It is shameful that 1.3 million Ontarians face the challenge of living below the poverty line. There is overwhelming research that shows that poverty erodes health and causes people to die prematurely.

Too many Ontarians struggle with food insecurity. One measure of the severity of this growing problem is the 14.3% rise in the number of people served by food banks from 2001 to 2007. A staggering 318,540 people in Ontario rely on this assistance every month.

A core problem is social assistance rates, which for many years have been far below any livable or acceptable level. Social assistance rates did increase by 9% between 2004 and 2008. However, Ontarians receiving social assistance are still faced with having to choose between buying food and paying the rent. We ask that the government immediately increase, in a substantive way, the social assistance rates so that all Ontarians can live in health and dignity.

People earning the minimum wage are still far below the poverty line. We urge the government to advance its commitment to increase the minimum wage to \$10.25 per hour, effective immediately, and not wait until 2010.

Simply put, poverty is bad economics. Poverty in Ontario costs the federal and provincial governments between \$10 billion and \$13 billion each year. Private and public costs combined are equivalent to 5.5% to 6.6% of Ontario's GDP.

We applaud the government for its commitment to reduce child poverty by 25% in five years and for consulting broadly on poverty reduction. We urge that that commitment be extended to cover all people living in poverty and not just children and families.

Valuable momentum must not be lost. Far from being a time to slow down, an economic downturn is exactly when action to reduce poverty is most needed and strongly justified. We urge substantial multi-year funding to support aggressive implementation of Ontario's poverty reduction program.

The environment also demands bold leadership. The evidence of the many links between environment and health are strong. Like all Canadians, nurses are increasingly concerned about climate change and the impact of environmental toxics on the health of their families. Of particular concern is the safety of children, who are much more vulnerable to toxics. A precautionary approach is urgently needed.

The government has promised a number of steps that, together, could put Ontario at the forefront of rebuilding and preserving a healthy environment. RNAO will work with the government and other stakeholders to help realize this goal in a timely way.

We ask that the government:

- accelerate its plans to reduce greenhouse gas emissions to 6% below 1990 levels before 2012, and 25% before 2020, to help meet Canada's Kyoto obligations;

- accelerate its promise to close all coal-fired electricity plants ahead of the 2014 schedule, to protect the health of Ontarians; and

- move during the spring legislative agenda with a toxic reduction law to reduce environmental toxics and carcinogens.

In its second mandate, the government has delivered significant progress in banning the cosmetic use of pesticides. Legislation has been passed, and the associated draft regulations, if accepted as passed, will greatly improve protection from pesticides. So far, government has allocated \$10 million over four years. We advise increasing this budget to ensure appropriate public education, adequate monitoring and enforcement.

#### 1650

Climate change continues to be an overriding concern of Ontarians in general and nurses in particular. On the emission of greenhouse gases, the government must move promptly on its relevant promises, including phasing out polluting and greenhouse gas-emitting, coal-fired generating stations and funding massive and badly needed expansions in public transit, renewable energy, energy conservation. RNAO also urges that any highway expansion be subject to full assessment of environmental and social costs.

RNAO also advises against resorting to an expansion of nuclear power, as this has proven to be costly, prone to delays and overruns, and carries serious health and safety risks. Even maintaining the current level of nuclear energy supply will entail costly new plants and refurbishment of existing plants. A more cost-effective use of that money and one that would produce cleaner, safer, more timely electricity for Ontarians would be energy conservation/energy efficiency programs, and generation of power from renewable sources.

Carbon must be priced fairly to encourage greener solutions. One example is a carbon tax that would work

to reduce greenhouse gas emissions, as has been implemented in a number of countries, including Finland and Sweden and, in Canada, in Quebec and British Columbia.

Strengthening public health is a key priority. In difficult economic times we are reminded of why Canadians cherish their public health care system: In the United States, health-related bankruptcies are skyrocketing. There are tremendous savings in the Canadian single-payer system. Unlike our American counterparts, Canadian providers only deal with one payer and face lower administrative and overhead costs.

Competitive bidding must be fully cancelled, as experiments in the health sector have proven disastrous. They result in disruptions in continuity of care and caregiver for patients and decreased morale amongst caregivers. It is a flawed process, based on a flawed philosophy, which costs more and delivers less.

Finally, RNAO is gravely concerned about the program of alternative financing and procurement for hospitals and other public infrastructure. We have presented the government with a full analysis demonstrating that AFPs do not serve the citizens and taxpayers well, and we call for the abandonment of AFPs as a method of financing and procurement for hospitals and public infrastructure.

Access to primary care remains a challenge for more than a million Ontarians. This includes 30% of Ontarians who live in northern and under-served communities. Nurse practitioners are ready to serve. They have the knowledge, skills and legislated authority to diagnose and treat many common illnesses. They can prescribe medications and order and interpret a variety of diagnostic tests.

The government allocation of \$38 million in three years to create 25 additional NP-led clinics by 2011 is an important commitment, and the RFPs of October 2008 for the first three of these were most welcome in the communities of Sault Ste. Marie, the Erie St. Clair LHIN and the North West LHIN.

Ontarians need government to move faster. In Belleville and the surrounding county alone, approximately 20,000 citizens have no access to primary health care. This number threatens to grow as current health care providers approach retirement and the local population grows and ages. Government already has a full, solid proposal for an NP-led clinic in Belleville as well as other communities, and we see no rationale for postponing these proposals. Thus, RNAO is asking that at least 10 additional NP-led clinics be approved for funding in the new year. The public needs these clinics, communities are ready for them, and NPs are ready to serve.

The government should also keep commitments to release the necessary funding to increase the hours of direct care in long-term care and improve the funding for home care to allow older persons and others to live and age with dignity in their homes.

Finally, it is vital to strengthen the nursing workplace. RNAO is very pleased that the McGuinty government is committed to the nursing graduate guarantee to provide



every new Ontario nursing graduate with an opportunity for full-time employment. We are delighted with the commitment to achieve the goal of 70% of all nurses working full-time by 2010. These are both initiatives RNAO proposed in 2003, and we are proud of our joint progress. Today, we retain more new graduates in Ontario than ever before, and we are at 64.7% full-time employment for all working RNs.

Competitive bidding must be fully cancelled, as experiments in the health care sector have proven disastrous both here in Ontario and internationally. This results in substantive disruption in continuity of care and caregiver for patients and decreased morale. It's a flawed process.

In closing, the economic downturn is a time of great challenge for the people of Ontario and for our government. It is also a time of opportunity, to lead by investing in our people and building stronger and healthier communities. Nurses urge the McGuinty government to act now to put the needs of all Ontarians, and especially those of our most vulnerable citizens, at the forefront of this government's upcoming budget.

We thank you for the opportunity to share our views with you today.

**The Chair (Mr. Pat Hoy):** Thank you. We'll go to Mr. Prue of the NDP.

**Mr. Michael Prue:** I have a great many questions, so let's see how many we can get in. I only get five minutes.

**Ms. Wendy Fucile:** Okay.

**Mr. Michael Prue:** You write about Belleville. Has the government given you any indication when the new Belleville nurse practitioners clinic that they promised will be established?

**Ms. Wendy Fucile:** No, they have not.

**Mr. Michael Prue:** Has the government given any funding whatsoever toward the establishment?

**Ms. Wendy Fucile:** Of the specific clinic in Belleville?

**Mr. Michael Prue:** Yes.

**Ms. Wendy Fucile:** No. There is a commitment to an additional 25; there are the RFPs in October for three. There are no specific commitments at this time beyond that.

**Mr. Michael Prue:** Okay. Back to the beginning, then, of what you wrote. My second question relates to the 9,000 additional nursing positions in Ontario. I think we were all disappointed when that appeared to have been taken off. The finance minister said it would come later. Has the finance minister or anybody in the ministry suggested when that program will be reinstated?

**Ms. Wendy Fucile:** It is my understanding that we have been assured that the commitment will be met by the end of the term. To be fair, the government exceeded the targets that were set on the first round of this, so we believe that this is both critical and something that should not be delayed at this point in time. We'd emphasize that these are additional positions and if we see layoffs, for example, then we're looking at replacing those, plus 9,000.

**Mr. Michael Prue:** Today the government released its poverty report. I, for one, was disappointed that it dealt only with children. I'm glad it dealt with children, but it left out everyone else—literally everyone: old people, aboriginal communities and the disabled. You have written here that the "commitment be extended to cover all people living in poverty." Obviously, you're disappointed like me. Why do you think we should go beyond just children?

**Ms. Wendy Fucile:** Children are certainly an important first step and we should be pleased to have seen that. But absolutely, everyone needs to be lifted from poverty. It is not acceptable in a province like Ontario that we have people living in poverty. This government has made a commitment to leave no one behind, so we support both the first step taken today and all of the steps that need to come after it for us to realize the goal of eliminating poverty in our province.

**Mr. Michael Prue:** You have talked about the government accelerating its promise to close all coal-fired electricity plants ahead of 2014. We have had a number of people come to us and tell us not to close the plants. They don't want the coal to be burned but they're talking about biomass in northern Ontario, at Atikokan, using the waste forest products and in southern Ontario, at Nanticoke, using the farm residue and whatever's left—the corn stalks—which, in the view of the scientists, would only really release the carbon back into the atmosphere that was taken from the plants. They think it's carbon neutral. Do you want the plants closed as you suggest or do you want to simply not burn coal?

**Ms. Wendy Fucile:** We want to see the elimination of coal-fired plants. I'm not expert enough to comment to you on the scientific potential of alternative biomass fuels; Kim may be, but I'm not. Our goal is eliminating the coal.

**Mr. Michael Prue:** It's just the way it was worded, to close down the plant. But it's the coal, not the plant?

**Ms. Wendy Fucile:** It's the coal, coal-fired.

**Mr. Kim Jarvi:** Switching to biomass does have a carbon advantage to it, to be sure. We would be working with our partners in the Ontario Clean Air Alliance to verify which uses of existing facilities would be acceptable. What they had been suggesting was natural gas; not necessarily using those facilities, but these are things that could be set up very quickly to replace any energy loss from the coal-fired plants well in advance of any nuclear plants that might come in. That was the number one recommendation from—

**Mr. Michael Prue:** Okay. My colleague France Gélinas has the balance of the questions.

1700

**M<sup>me</sup> France Gélinas:** Good afternoon.

**The Chair (Mr. Pat Hoy):** About one minute left.

**M<sup>me</sup> France Gélinas:** One minute? The balance of the minute. I'm really interested in the nurse practitioner-led clinics. You have, in your proposal—

**Mr. Michael Prue:** I asked about that one.

**M<sup>me</sup> France Gélinas:** Did you? Okay.

Kim, you mentioned that Belleville was ready. There are number of other communities that are ready. Can you see any reason, if nurse practitioners are ready, the community needs are there and the community wants those clinics, why it's not moving ahead?

**Ms. Wendy Fucile:** No, we can see no rationale for delaying the service that would bring primary health care to those who don't have it when the folks ready to deliver it are ready and willing and eager. There is, in our view, no rationale for delay.

We're either going to pay now for a primary health care approach or we're going to pay now and for longer to deal with acute illness that goes with and arises from primary health care needs not being met. So do we want to pay for prevention—primary health care clinics—or much more costly acute care treatment? It seems to us, no question, that we should be funding much more rapidly these proposals that are ready to go.

**M<sup>me</sup> France Gélinas:** How do you handle the criticism from some groups that say that nurse practitioner-led clinics are not as efficient as other primary care models?

**Ms. Wendy Fucile:** There's probably more research on the efficiency and effectiveness of nurse practitioners in the literature than there is on any other health care provider.

The focus should not be on who is delivering care but on how we most effectively and most rapidly deliver care to people who don't have any. We have to keep our eye on the ball, and the ball is all those people who don't have access to primary care.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Ms. Wendy Fucile:** Thank you, sir.

#### METRO TORONTO CHINESE AND SOUTHEAST ASIAN LEGAL CLINIC

**The Chair (Mr. Pat Hoy):** I call on the Metro Toronto Chinese and Southeast Asian Legal Clinic to come forward, please.

**Ms. Avvy Go:** Thank you.

**The Chair (Mr. Pat Hoy):** Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning. I'll just ask you to identify yourself for our Hansard.

**Ms. Avvy Go:** Sure. My name is Avvy Go and I'm the clinic director of the Metro Toronto Chinese and Southeast Asian Legal Clinic.

Our clinic serves low-income people from the Chinese and Southeast Asian communities living mostly in the GTA area. Most of our clients are working poor. They work in non-unionized settings, with very little protection from exploitative employers. Many of them started experiencing job loss even before the so-called economic crisis began. The problem is, when they lose their jobs, a lot of the time they don't even get termination and severance pay because they don't have anyone there to advocate for them.

It's kind of ironic. When I look at the current discussion, the discourse is often focusing on "should we or should we not bail out the Big Three and other big businesses," when a lot of these people have been living in poverty, having struggled for a long, long time. There's been no attention paid to them either by the media or the government, not just because they don't have private jets to fly them around, but also just because this is not an issue that is often in the media's attention. It's very important that we focus on the people. As I said, focusing on people, as opposed to businesses, is going to put us in good stead to protect us from the economic crisis and to help rebuild our economy, not just to survive the recession.

Earlier presenters talked about the poverty reduction plan that was released today. We are pleased that the government is doing that despite the deficit and an economic crisis. It's a positive first step. But the question for us right now is whether or not the plan, as implemented, and the measures that are put in place will in fact ensure that those who are the poorest, those who are over-represented among the poor, will benefit from the plan.

The question is particularly for racialized communities because of the fact that they are over-represented among the poor. I quote in my submission one of the studies from the CAS, which was just released two days ago, which confirmed that even child poverty is racialized. They looked at the child poverty rate among different groups. For the European group, one in 10 children lives in poverty. For some other groups—for African-Canadian, for instance—it's one in two children living in poverty; for Chinese, it's one in five; west Asian, it's one in three; aboriginal and South Asian, one in four. So there is a disparity, even among the children, between racialized and non-racialized groups.

I also quote from the United Way report that was done a few years ago that looked at the poverty rate between 1981 to 2000. In fact, it found that the poverty rate for non-racialized communities had dropped during that period by 28%; but for racialized communities, it increased by 361%. That means the disparity is growing, and it's not going to stop until we recognize that there is a problem and we take measures to address it.

The focus of our presentation is on some of the measures that we hope will close the gap between the racialized and non-racialized groups. Not all of these have budget implications, but they are—certainly some of them do require some investment, but not all of them do. My written submission includes a number of things which we kind of divvy up into three areas: employment and labour market strategy, access to social services, and a targeted poverty reduction strategy. I'm not going to read through the whole list, but I'll just highlight a few of them that we think are most important for our communities.

For instance, on the employment and labour market front, one of the things that we think the government should do is bring back mandatory employment equity in Ontario, to level the playing field for all racialized groups



and for other historically disadvantaged groups, including women, people with disabilities and aboriginal people. The problem is that if you look at the clients I serve, it's not that they are not working—they are working—but they're not able to get access to good jobs. If you're stuck in a low-paying job, you're going to be stuck in poverty. One of the key barriers to overcome is some of the systemic discrimination in the workplace, whether or not it is intended, to make sure that employment is truly merit-based, that no one is denied a job because of their race, disability, gender and so on. So employment equity is a key part of the economic strategy.

We also talk about removing barriers to accreditation and employment for internationally trained professionals. Again, it's something that will help them lift themselves out of poverty. While we do have a fairness commission, its function is more or less doing auditing. It doesn't actually have a lot of teeth to make sure that self-regulated bodies such as the law society, of which I'm a member, are truly looking at how to remove some of these accreditation barriers.

We also have a whole bunch of stuff talking about equitable access to services. People who are poor are more likely to rely on government services, because they are not able to provide for themselves. We need to make sure that the services are there for people who need them. Some of the measures we talk about are looking beyond the delivery of services and are actually looking at the implementation of the plan and the policy behind these services. That's why we talk about having a comprehensive and fully resourced equity policy framework within publicly funded education as well as the health system: so that we make sure that the services that we get in the education system and the health system are equally accessible to everyone.

We also mention the three-month OHIP waiting period for all newcomers in the province, which poses a huge financial burden for a lot of the newcomers in this province and really is not that necessary. It actually wouldn't cost the government a lot of money to take away that three-month waiting period.

We also talk about restructuring legal aid to make it truly accessible for the racialized working poor, because, again, it is something that is most needed for the people who are living in poverty or who are not exactly poor enough to get legal aid. The guideline is so low that a lot of people are, in fact, not having access to the justice system because they are not poor enough. If we can infuse some more additional funding into the legal aid system, that will address the needs of racialized communities, because we are overrepresented among the working poor.

I also include some of the targeted poverty reduction measures. Unfortunately, those things were not included in the announcement that was introduced today, but they're not inconsistent with the announcement. For instance, the announcement talked about a five-year plan. There's a reporting mechanism, there are a number of indicators and measures that are going to be put in place.

Well, then, let's make sure that those indicators and measures are desegregated so that we know in five years' time who actually benefited from the plan.

For instance, the plan talks about measuring birth weights. Birth weight is a good example of where ethnicity does play a role, so if we need to know if the children from the different communities are gaining in birth weight, they have to be measured against something. Those things need to be desegregated, broken down by race, gender, disability and so on.

1710

We also want to have clearly identified goals and specific benchmarks—which are sort of talked about in the poverty reduction plan, but we just want to make sure that it is specific enough so that we can truly measure the success in five years' time.

I ended with a quote from Martin Luther King, although I'm not sure if it's really from him, but it says, "The time is always right to do the right thing." Certainly taking poverty head-on is the right thing to do, even if it's in an economically tough time. I'm sure you have heard from other people, including economists, who talk about how this is in fact the best time to deal with some of these issues of disparities in our economy. I want to thank you for the opportunity today.

**The Chair (Mr. Pat Hoy):** And thank you for the presentation. We'll go to the government and Mr. Lalonde.

**Mr. Jean-Marc Lalonde:** Thank you very much for taking the time to come and address your message to the committee.

You refer to equitable access to services, and I happen to be working on this very closely—especially one day when I was replacing one of my colleagues at the standing committee for the accounts payable, and I definitely said that I was not in favour of starting to pay for other people coming into Ontario, because when we Ontarians go to other provinces, for example, or other countries, we are not covered.

The reason it was brought to our attention here was that they were saying, "Well, when we go to Quebec or when we go to New Brunswick, any other provinces, we are not covered. We have to purchase insurance." Even the ambulance service is not paid by OHIP. But when you go to other provinces or they come over here, it is the same. It is something that has to be negotiated at the country level with all the other provinces, first of all, and then probably with the United States and other governments from other countries, but at the present time, we are not covered for those services when we go outside of this province.

I know myself at the present time, being on the Quebec border—let's say for those people who are hit with cancer sometimes, they tend to move to their families, to Ontario. Their medications are not covered when they move to Ontario in the first three months. I go immediately to them to tell them to go to the province of Quebec to get their prescriptions. Have you ever figured out how much it would cost the province of Ontario?

**Ms. Avvy Go:** First of all, among the provinces, I think there are usually reciprocal agreements. Basically, the first three months you are here, you're not getting health care here, but you're able to get health care in the home province where you came from.

We are talking about people moving to Ontario. They are residents of Ontario, and after three months they are still living in Ontario. They are not going anywhere. It's a very different situation from just saying that some random people show up at our border and want to get our health care; that's not the case. We are talking about people who are living in Ontario.

But, for whatever reasons, the policy was changed a few years ago to have this three-month ban for the first three months of their residence in Ontario when we don't cover their OHIP. That was not the case until the mid-1990s. We have always paid, ever since the person first arrived in Ontario as a permanent resident and as someone who is living in Ontario. It's a very different situation from what you're talking about.

**Mr. Jean-Marc Lalonde:** Thank you. That was my question.

**The Chair (Mr. Pat Hoy):** Seeing no other questions, thank you for your presentation before the committee.

#### ONTARIO HOME BUILDERS' ASSOCIATION

**The Chair (Mr. Pat Hoy):** Now I call on the Ontario Home Builders' Association to come forward, please.

**Mr. Wayne Arthurs:** Just as they come forward, can I ask research if they can just provide us with some information if, in effect, at any point earlier we covered OHIP at the point of moving into the province or whether there's always been a waiting period?

**The Chair (Mr. Pat Hoy):** New arrivals?

**Mr. Wayne Arthurs:** New arrivals in the context of that presentation, those final comments that there was a point where we automatically covered upon arrival. I would have thought there probably was a waiting period but I'd be interested to see if there was any history, relatively current, obviously.

**The Chair (Mr. Pat Hoy):** If you could put that in writing as well.

**Mr. Wayne Arthurs:** Yes, I'll put that in writing. If the researcher would, I'd be happy to sign it.

**The Chair (Mr. Pat Hoy):** He's advised of that, but we ask everybody to write it out. Very good.

Now we have the Ontario Home Builders' Association we're waiting to hear from. You have 10 minutes for your presentation. There could be five minutes of questioning. If you could just identify yourselves for the purposes of our recording Hansard, you can begin.

**Mr. Frank Giannone:** Thank you, Mr. Chairman, members of the committee. Good afternoon. My name is Frank Giannone and I'm the president of the Ontario Home Builders' Association. I'm also the president of the FRAM Building Group. Our company has been construc-

ting new homes and condos across Ontario and the United States and now in Europe.

Joining me is James Bazely. James is the first vice-president of the OHBA. He is the president of Gregor Homes and is also a past president of the Greater Barrie Home Builders Association. Gregor Homes is known for their commitment to the environment and today they only build Energy Star homes. James also chairs the OHBA accessible housing council, which is working with the government on achieving its goals on this matter.

We are both volunteer members in the association and, in addition to our business and personal responsibilities, we are dedicated to serving our industry. I'd like to ask James to start and tell you a little about OHBA.

**Mr. James Bazely:** Good afternoon. For the record, my name is James Bazely. I am first vice-president of the Ontario Home Builders' Association.

The Ontario Home Builders' Association is the voice of the residential construction industry in the province. Our association includes 4,200 member companies organized into 29 local associations across the province. This year our industry will have contributed over \$36 billion to the economy as well as over 350,000 jobs. Therefore it is absolutely critical that all levels of government work with our industry to reduce barriers to growth and government-imposed charges and regulations, as we are a stabilizing force on the provincial economy.

I know everyone here is interested in our members' viewpoint on the future health of the housing market in Ontario during these uncertain times as well as our recommendations for the upcoming provincial budget.

This year, housing construction activity received a significant boost from the record number of condos sold in the GTA the previous year. The Canada Mortgage and Housing Corp. has forecast 74,450 housing starts in Ontario for 2008, an increase over the 68,123 starts in 2007. I should caution, however, that the increase in numbers was primarily felt in the GTA and Ottawa, and other regions that have an economic base supported primarily by the manufacturing sector, such as Windsor and London, have experienced declines in housing activity.

So where are we going from here? There are both reasons to be optimistic and reasons for extreme caution. The truth is, there is tremendous uncertainty, especially as it relates to consumer confidence. CMHC is forecasting 62,000 housing starts in 2009 and 60,000 in 2010. While these numbers are lower than anything we've experienced in Ontario since 1998, they are still far above the lows we experienced during the last recession, when housing starts bottomed out at 35,000 in 1995. The problem is, we believe that CMHC is very optimistic given the sales numbers that we've been seeing in the last couple of months.

**Mr. Frank Giannone:** Our members are very concerned about the broader economic turmoil, the stock market fluctuations and job losses. Quite simply, if one is worried about whether or not they will have a job in the near future, they aren't going to purchase a home. Furthermore, concerns about deflation have meant that some



consumers who may be in the market for a new home are sitting on their hands and waiting for prices to drop. These two factors, combined with the media sensationalism of the situation that's happening in the United States—which, by the way, to say it bluntly, since the beginning of this year was misrepresented by many media outlets even though there was a completely different set of circumstances here in Ontario. The media has effectively driven consumers away with little reason for it, and now we must recover.

**1720**  
I'm a positive person, and I do have a number of positive points to relay to the government. Overall employment numbers outside the manufacturing sector are fairly strong, and I hope this government will place a very strong emphasis on job creation to maintain those numbers over the next year. Secondly, population growth supported by immigration is a key driver of the residential construction industry. Lastly, mortgage rates are near historic lows, which is very supportive of housing affordability and home ownership.

Let me turn it over to James to talk about the housing issues that are on our minds and that we hope will be on your minds for consideration during this upcoming provincial budget.

**Mr. James Bazely:** The provincial government should be congratulated for running three consecutive balanced budgets, but during an economic crisis, we suggest that the government would be prudent in running a deficit to stimulate the economy, as long as measures are taken to ensure that it is not a structural deficit. The best way to do this, in our opinion, is to make significant infrastructure commitments that will only impact the province's balance sheet in the 2009 and possibly 2010 budget cycles.

Infrastructure funding for roads, transit, water and waste water facilities are priorities for home builders across Ontario to ensure the province remains economically competitive. Periods of economic stagnation provide an opportunity for government to build the foundation for the next growth cycle. Therefore, all levels of government should invest heavily in hard infrastructure to support economic growth and improve the quality of life for all Ontarians. I can speak directly from the experience and feedback we've heard from our members; the costs of construction labour and materials are easing due to slowing demand. Right now, infrastructure investments will not only support jobs and future productivity, but the province will get the biggest bang for its buck in terms of labour and materials.

OHBA recommends that the province move quickly to fund priority Metrolinx projects, including the Yonge subway extension to Richmond Hill, the 404 and 427 extensions, as well as moving more quickly on a green light for the 407 extension and the mid-peninsula corridor extension in Niagara Region. These provincial investments will have a multiplier effect and encourage investment from the residential construction industry.

Furthermore, to support municipal infrastructure funding, we applaud the steps taken in the Provincial-

Municipal Fiscal and Service Delivery Review to upload social services from the municipal tax base.

OHBA suggests that the province enhance the successful gas-tax-for-infrastructure initiative with an additional phase-in of three cents per litre of the existing gas tax for municipal transportation infrastructure over the next three years. This would bring the total provincial support for the municipal transportation systems to five cents of the existing gas tax by the end of the current government's mandate.

**Mr. Frank Giannone:** Our members are concerned that despite the broader economic turmoil and cyclical slowdown that our industry is experiencing, the province is continuing to deal with public policy initiatives that could further affect the performance of the industry in 2009.

Firstly, on the positive front, we applaud your proposed moves with respect to infrastructure investments. Further, the decision to not open the Development Charges Act for legislative review was important.

On the negative front, we have the mandatory WSIB coverage changes that have already been passed. We have to be cautious about mandatory residential fire sprinklers, a college of trades and what it encompasses, municipally initiated green building standards and architectural guidelines as a result of provincial changes to the Planning Act, greenbelt expansions that limit land supply, the Lake Simcoe protection plan, and proposed increased soil and groundwater standards for brownfields.

These are just a few of the initiatives that will impact housing affordability and choice. The combined cost impacts of these numerous increased regulatory standards and fees and of other initiatives under discussion, such as inclusionary zoning, could eliminate thousands and thousands of would-be homeowners from the housing market. A recent study of 32 Canadian municipalities by CMHC indicates that new homebuyers in Ontario are among the most heavily taxed in Canada. Given the state of the provincial economy, the province would be well advised to exercise caution when considering public policy that would negatively impact housing affordability.

Let me conclude by stating that there is a tremendous uncertainty in our industry today. While housing starts in 2008 were strong, these were a result of last year's sales. Sales activity this year, especially in the last couple of months, has been very weak.

As the engine that drives the provincial economy, the residential construction industry pours billions of dollars into provincial coffers. Additionally, this year alone our industry will have funded \$2.5 billion in direct builder infrastructure investment or through development charges. It is in the best interest of all Ontarians that the provincial government work with us to ensure that that new-housing and renovation industries continue to thrive, and continue to support significant reinvestment in the programs that Ontario citizens deem to be the most important to them.

Mr. Chairman, members of the committee, to summarize, the housing industry is alarmed by the rapid deterioration of the global economy and proposed bailouts of transnational financial institutions and the automotive

sector. Contrary to the headline in the Toronto Star business section today, while OHBA is conscious of the financial strains our members are under, we wish to reiterate that the residential construction industry has never requested a financial bailout from taxpayers, nor do we foresee that situation ever occurring. The key issue that should be addressed in the 2009 provincial budget is a fiscal stimulus package that focuses attention on a significant investment to renew and expand hard infrastructure and job creation.

I would like to thank you for your attention and interest in our presentation, and we look forward to hearing any comments or questions that you may have. Our full written submission will be submitted to each of you in the next few weeks.

**The Chair (Mr. Pat Hoy):** If you provide that submission to the clerk, he'll ensure that all members receive one. We'll go to Mr. Barrett of the official opposition.

**Mr. Toby Barrett:** Thank you, Frank and James. I think of past recessions and, in that sense, your industry can be boom and bust, certainly in town by town. Some areas have been in a bit of a recession well before the global or the Ontario-wide, looming cloud. Has that hit your industry regionally or in certain sections?

**Mr. Frank Giannone:** If I may, we've seen it regionally. We know that Windsor and London entered it a lot earlier because of the manufacturing losses. Most of the rest of the province started sensing it earlier in the year and, again, a lot of it had to do with what was being said in the media about our industry. Most recently we've seen Ottawa—Kitchener-Waterloo and Sudbury had held their own until about September, but in October their numbers took a big decline as well.

**Mr. Toby Barrett:** So we've had a good run, like most areas with steady job creation and, obviously, low interest rates. Like you say, the key factor now is uncertainty around jobs or whether people are going to hang on to their jobs. Given the Wall Street credit crunch, are people now in a position where they cannot get a mortgage? I know it's tough getting a car loan, for example. Everyone is a little leery of lending. Are we seeing that, or are mortgages immune to that because of their—

**Mr. James Bazely:** Yes, it's been my experience within our sales centres—and we're building north of Toronto, up in Barrie—that the people coming through the sales centres are qualified; they have no problem getting a mortgage. It's just that they're sitting on their hands and waiting. We actually had one potential customer come in and say, "I'm going to wait for the foreclosure bust."

**Mr. Frank Giannone:** And that's pretty well the norm across the province. Most people still qualify.

**Mr. Toby Barrett:** Yes. Just one last question. I represent an area down in Haldimand country and part of Brant. We have the native land disputes down there. I have watched a number of subdivisions being shut down. I've been there when the OPP put the fence across, and they haven't built a house since. Does your association help out or provide advice? Is there any assistance that way?

**Mr. Frank Giannone:** We were in—

**Mr. Toby Barrett:** I'm just saying, I know a number of smaller builders, local builders, developers who've got millions of family money sitting on the line and they haven't pounded a nail in a couple of years.

**Mr. Frank Giannone:** We were in to see the Minister of Aboriginal Affairs within the last two weeks. We expressed our position on behalf of the Brantford Home Builders' Association and our membership. It is a significant concern. A big concern to this province is how industry in that area is also now being affected by the fact that even if people want to buy a home, they can't find a significant amount of homes to buy in that area for that reason.

1730

**The Chair (Mr. Pat Hoy):** Mr. Hudak.

**Mr. Tim Hudak:** Gentlemen, thanks very much for the presentation. We saw some news that David Miller announced that he wouldn't increase development charges. That was news that struck me like the notion of the Leafs winning the Stanley Cup in 2009, but congratulations on your success.

You said you want a commitment from the province not to reopen the Development Charges Act?

**Mr. Frank Giannone:** Yes.

**Mr. Tim Hudak:** For how long?

**Mr. Frank Giannone:** I don't think it was said how long it was, but it wasn't as if it was planned to be reopened now or in the future. The commitment was that they don't plan on opening it up.

**Mr. Tim Hudak:** Okay.

I appreciate the benefit of the survey that you've done. The top infrastructure priority of your members was by far roads and highways, at a factor of four to one over transit. The vast majority of the government's transportation infrastructure investments have been transit commitments; it's hard to think of a single highway project that has gone forward. The mid-peninsula corridor has become, in many senses, a road to nowhere. Can you reinforce why your members would be so much stronger on roads and highways as opposed to transit?

**Mr. Frank Giannone:** Well, we represent 29 locals across Ontario. For a lot of our locals, for a lot of our membership, transit isn't as big an issue as it is in Toronto, as it is in Ottawa, as it would be in the more urban areas. It's the number of people that are responding. It would impact our membership that are out in Saugeen, because if jobs are happening in the Toronto area or in the Barrie, Hamilton or London areas as it relates to some of these things, they will reverberate through to the rest of the province as well.

**Mr. Tim Hudak:** You mentioned your concern about any expansions of the greenbelt legislation. The McGuinty government has mused about new greenbelt areas. Can you explain why your members would be concerned about any expansion in that respect?

**Mr. Frank Giannone:** Any expansion of the greenbelt, any further tightening of the belt—I can talk about Toronto, and James can talk about the effect it's having



on Barrie—restricts land supply. The more you restrict land supply, the higher you push the cost of land within that belt. The higher you push costs, the less people can afford to buy. The less people that can afford to buy, the more people that get pushed out further beyond the belt, where it's less expensive. And, by the way, they then have to travel further to get into the city.

**Mr. James Bazely:** Yes, and I don't think all of our members would disagree with having a greenbelt, but I think there should be more careful consultation with the members on the potential effects it will have on them, as opposed to just arbitrarily deeming an area a greenbelt.

As Frank says, if you have an area that is a growth centre, like north of Toronto through Simcoe county is a major growth centre, and you start imposing a greenbelt around that, you're really putting a squeeze on how this can happen and where people can actually afford to live.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### ONTARIO HOSPITAL ASSOCIATION

**The Chair (Mr. Pat Hoy):** Now I call on the Ontario Hospital Association to come forward.

Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I would just ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Tom Closson:** Thank you. My name is Tom Closson and I'm the president and chief executive officer of the Ontario Hospital Association.

The Ontario Hospital Association knows that the financial and economic crisis facing Ontario is extraordinarily serious and that government revenues have fallen dramatically. Jobs are disappearing and people are worried.

Under these circumstances, which are unprecedented in recent memory, the people of Ontario want coordinated action. They want hospitals, LHINs and the Ontario government to work closely together, focusing on practical and realistic solutions to protect patient care.

Without change, the rising costs of health care overall are not sustainable, even before the current economic crisis. That's why the OHA is a strong supporter of health system transformation. Ontario's hospitals have a legacy of adaptability, and we work closely in partnership with government. We lead by example and focus our efforts on improving health system performance. We helped create Ontario's wait times strategy. We helped shape and implement the province's nation-leading patient safety public reporting regime.

Today, the government is balancing very demanding, often competing priorities in preparation for the next budget. As you know, the people of Ontario are proud of their hospitals, and people have high expectations when they are in need of services that only hospitals can provide.

In budget 2008, the Ontario government confirmed that the base hospital funding allocation would be 2.1%

for 2009-10, down from 2.4% for the current fiscal year. Additional resources are also provided, but only for targeted initiatives such as the wait times strategy and priority programs. Now the cost of operating Ontario's hospitals increases by more than 2.4% as a result of inflation, and this increase is due to responsible collective agreements intended to attract and keep nurses, as well as the cost increases from an aging and growing population.

Most hospitals in Ontario have signed a two-year accountability agreement with their LHINs, requiring that they achieve a balanced budget. Given the 2.1% base allocation, this means that the majority of hospitals are facing particularly serious financial pressures for 2009-10. Hospitals will make every effort to minimize the impact on access to services and on the workforce, but this will not be possible in each instance. So, already, hospitals are making choices. That's why many hospitals have recently moved to reduce costs by eliminating or reducing services and staff positions, including nurses.

For the past two months, representatives of the Ontario Hospital Association have been meeting with senior government officials and staff to discuss the fiscal and economic crisis and its potential impact on the hospital sector. Our discussions have been open and productive. We'll continue to work with the government in the time ahead as decisions are made about hospital funding.

Members of the Legislature and the people of Ontario can be proud of the efficiency of Ontario hospitals. Compared to hospitals in other provinces, Ontario hospitals do more with less funding per capita. Today, this produces a remarkable \$1.6-billion efficiency dividend; that's up from \$1.2 billion just a year ago. This is invested in other priorities of the government.

Unlike the mid-1990s, many hospitals today also operate near 100% occupancy. The government has made significant progress in the area of pandemic planning, but the hospital sector does not yet have the surge capacity needed to respond effectively in the event of an emergency as recommended by the Naylor report, the Walker report and the Campbell Commission on SARS.

Unfortunately, 20% of Ontario hospitals' in-patient capacity is now occupied by patients in need of care in another, more appropriate and less expensive setting, such as assisted living, palliative care, long-term care and home care. That's up from approximately 8% just two short years ago. While efforts under way to tackle the alternative-level-of-care patient challenge hold promise, the capacity to care for these patients outside of hospital settings does not yet exist.

Hospitals are facing enormous pressures to respond to the relentlessly increasing demand for services, and as hospitals move to put or keep their budgets in balance, they're not on equal footing. Because funding has been provided on an across-the-board basis, relatively more efficient hospitals, or hospitals in high-population-growth areas, receive the same annual increases as other organizations. This has created a distorted environment. More efficient hospitals, hospitals in high-growth communities, and small or remote hospitals have less flexibility to cut costs.

As we recommended in our last four pre-budget submissions, we believe strongly in investing in health services outside hospitals. Hospitals will also continue to transfer out certain services that can be delivered in the community, such as outpatient physiotherapy and outpatient lab services.

In some instances, hospitals are also embarking on long-overdue changes to consolidate services in order to achieve greater efficiencies and improve quality, as is the case with the Niagara Health System. We strongly support these reforms.

But even in making allowance for these measures, if the base hospital allocation drops lower than 2.1%—a level that is already generating a significant adjustment in services and workforce—a very large contraction in the capacity of the hospital sector will take place. This would have extremely serious consequences for patients. In particular, we believe that it would severely limit access to hospital care even further, generating much greater congestion in emergency departments and longer wait times for care, especially during the winter months and flu season. We know that neither the government nor hospitals want this kind of impact on quality of care.

1740

Given the urgency of the financial and economic crisis, the OHA therefore makes several recommendations to this committee and to the Ontario government. We recommend:

(1) That the government confirm its decision on the base 2.1% funding allocation in order to allow the hospital sector to move forward with implementing the measures necessary to operate within budget, including service changes and workforce adjustments, if and as they are necessary;

(2) That a productivity improvement fund of up to \$150 million be created, building on the success of Ontario Buys, that seeds measures that may improve hospital sector performance over the longer term and facilitates workforce adjustment paying for staff severance necessitated by the 2.1% allocation;

(3) That the government provide special assistance to small and remote hospitals, which today operate effectively as comprehensive community health centres, that are unable to cut costs further without affecting their long-term viability; and

(4) That additional funding be provided for the 20 to 30 hospitals that are already highly efficient, have a large forecast deficit unrelated to operational inefficiency and have poor indicators of financial health as measured by a very low current ratio, in order to avoid massive cuts in services and major dislocations of staff through layoffs.

It goes without saying that we also support the presentation made earlier today by our colleagues from the Council of Academic Hospitals of Ontario regarding health research and its ability to drive innovation and economic growth.

As I close, I want to reiterate the importance of partnership. Given the gravity of the economic crisis, the people of Ontario want hospitals, LHINs and the Ontario

government to work closely together to continue with health system change and focus on solutions.

The OHA will continue to build strong, adaptable, system-oriented leadership in health care through our Governance Centre of Excellence and our leadership institute, building on the very leadership of the hospital sector, that has led to its \$1.6-billion efficiency dividend for this province.

Ultimately, during these unprecedented times, the government and hospitals share the same vital objective: to avoid drastic cuts that will destabilize patient services and the hospital workforce.

I'd be happy to answer any questions.

**The Chair (Mr. Pat Hoy):** I think you're the only person today who has ended exactly on 10 minutes. So with that, we'll see how we do with five minutes of questioning. We'll go to the NDP.

**M<sup>me</sup> France Gélinas:** A very good presentation, and I thank you for coming. Let me go back, but I'll jump directly to your recommendations. You are suggesting a productivity improvement fund of up to \$150 million. Can you elaborate a little bit on this, as to how you see those funds being used?

**Mr. Tom Closson:** Yes. This is sort of a combination fund. In the past, when there have been significant layoffs of staff in health care, it has been particularly helpful to have a labour adjustment fund, a fund that could be used for paying people severance settlements and also for offering early retirements to people, to enable younger people to be able to hold onto their jobs. So part of that fund would go for that purpose.

An additional part of the fund, though, would go for the purpose of actually investing in capital that would have a return on investment. I'll use the example of Ontario Buys, which is a supply chain which has led to cost savings of about \$12 million per year by refining the whole approach to supply chain for hospitals in this province.

A couple of other areas might be the regionalization of laboratory services and investment in technologies to improve energy efficiency. At some point, energy costs are going to go back up again. We believe that upfront funding now will prepare us to reduce costs over the longer term.

**M<sup>me</sup> France Gélinas:** Okay. I can't help but feel a little bit queasy when I hear that \$150 million—part of this would be for the labour adjustment fund. Can you forecast how many layoffs you expect your members to have to do?

**Mr. Tom Closson:** As you know, there are already layoffs occurring in a number of hospitals around the province. In terms of coming up with numbers that we can feel comfortable with, we're working with the local health integration networks and we're interviewing all the hospitals that appear to be significantly challenged for 2009-10 to come up with a better understanding of exactly how they're approaching trying to balance their budgets, and we're trying to identify leading practices that can be applied in other parts of the province.



The other thing we want to get a better handle on—we believe that there are at least 20 to 30 hospitals that have very significant deficits for 2009-10 because of the approach to hospital funding that's been across-the-board. We have some hospitals that would have deficits as high as 10%. You could imagine, if a hospital has ever actually tried to balance its budget based on a 10% deficit, it would have a huge impact on the services they would provide the patients in that community and the number of people who would lose their jobs in that community.

We think that those hospitals, because we don't believe they've actually been dealt with fairly—they may be very efficient hospitals, but it's just sort of the luck of the draw because of the across-the-board funding approach—need special assistance. We hope that in the future, better methodologies will be used to allocate funding to hospitals.

**M<sup>me</sup> France Gélinas:** Another part that is near and dear to my heart is outpatient physiotherapy. I'm a physiotherapist. As you see this care being delivered in the community, are you worried that the community physiotherapy clinics that are picking up those patients are private, for-profit, which means that people who are being laid off, people who live in poverty, do not have access to private physiotherapy clinics?

**Mr. Tom Closson:** Most hospitals in this province stopped providing outpatient physiotherapy services long ago. We're left with a few hospitals that do it. There's not a lot of logic as to why it would be provided by some hospitals and not provided by others. As you know, the government chose to stop funding physiotherapy services through OHIP a number of years ago, so there's obviously an issue there, but in terms of trying to balance budgets, to have a more level playing field across the province, this isn't a service that hospitals should be providing.

**M<sup>me</sup> France Gélinas:** When you talk about outpatient lab services, do you see those lab services being picked up by the private labs in the community?

**Mr. Tom Closson:** That appears to be what's happening in a number of communities. The private labs, as you know, operate under a cap system, so if they haven't fully provided all of their services within their cap, they've been accepting outpatient services from hospitals. A number of hospitals are now transferring those services over to the private labs.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Tom Closson:** Thank you.

#### ONTARIO BAR ASSOCIATION

**The Chair (Mr. Pat Hoy):** Now I call on the Ontario Bar Association to come forward, please.

Good afternoon. You have 10 minutes to present before the committee. There could be five minutes of questioning, and just identify yourself for our recording.

**Mr. Jamie Trimble:** Thank you, Mr. Chairman, and members of the committee. Thank you, first of all, for

giving the Ontario Bar Association the opportunity to participate in your consultation process. My name is Jamie Trimble. I'm a lawyer in Toronto and I'm the current president of the OBA. As you may be aware, the Ontario Bar Association represents the interests of slightly over 18,000 lawyers, judges, law professors and students in the province of Ontario. We are a member-based organization and the largest branch of the national association, the Canadian Bar Association. Our role is as the voice of the legal profession. We advance reasoned positions to both levels of government, to the public and to our regulator, the law society, for the benefit of our members but also to improve the law and the administration of justice in the province.

On behalf of our members, we have two submissions to make today. There are lots more, if you want them, but we have two for this evening.

1750

First of all, we urge you to consider amendments to the Business Corporations Act. Under the act, as it currently exists, lawyers are not allowed to issue non-voting shares to family members. Doctors can; dentists can; other professionals can. First, this is an issue of fairness for lawyers. It's also an issue of access to justice, which we will be pursuing with the Attorney General as well. In small towns and small communities throughout the province, the ability of lawyers to access the same rights and privileges as other professionals may be the difference between maintaining and not being able to maintain a viable law practice. That means that a lawyer serving the public in a small town, without this benefit, may be forced to leave that small community and move to a larger centre. Hence, it's an access-to-justice issue. We submit to you and to the government that this is an unfair and inappropriate situation wherein doctors and dentists, among others, can avail themselves of this opportunity and lawyers cannot.

The primary matter on which I wish to address you today is related because it's an access-to-justice issue. I want to highlight some of the critical realities that the Ontario justice system faces.

Some of you may be aware that in May of this year, the Ontario Bar Association, after a long series of—using our words—town hall meetings, released its justice stakeholder summit report. I think it's called Getting It Right. We are pleased that the government has received that. We are pleased that they are acting on a number of the recommendations we've made.

It's our view that in Ontario our justice system is unparalleled. We have a marvellous system; it's the envy of the world, but it has problems. One of the problems is the approach that we have taken to it. In our view, Ontario's justice system cannot continue to be a tier-two item in the budgetary process and at the cabinet table.

The justice system and the rule of law underpin Ontario's civilized society. Without them, we have no viable society. Those who serve in the justice system are as relevant and as essential to Ontarians as those who provide us with health care and education.

Individuals' rights and liberties are the subject of matters in our courts on a daily basis in Ontario's criminal, family and civil justice systems. The rule of law and an effective judicial system represent the foundation and the cornerstone of our civilized society. We cannot operate a viable system of commerce in the province without it.

We are facing economically difficult times, as you know. One picks up the *Globe and Mail* and it's reinforced on a moment-by-moment basis. With this will come an increased strain on Ontario's justice system. Tough times, unfortunately, are often accompanied by higher crime rates, higher domestic violence rates and family breakdown. The need for a sustainable, accessible and adequately funded legal aid system is all the more pressing as we enter and continue down into what looks to be an economic downturn.

Legal aid, both as a component of the justice sector budget and of overall government spending, is relatively small. Adequate funding of legal aid represents an exceptional value for money for our taxpayers in terms of both its positive impact on individuals' lives, those people who are having to deal with family breakdown and criminal matters, and also in communities generally.

Conversely, the neglect of legal aid has a direct and immediate impact on individuals in Ontario as well as on public confidence in the administration of justice and the legal system in Ontario. Particularly, as more and more people require access to it, they will turn to legal aid for assistance.

The central theme of our submission to the government's legal aid review last year was the need for continuing significant and sustainable investment in legal aid. This need is dire and it is getting more so. There's an immediate need to increase both the tariff and the overall funding for legal aid services. It's necessary to ensure that lawyers are able to accept legal aid work. It is essential to deal with the ongoing requirement to institutionalize a system of periodic adjustments, preferably in the budgeting process, to ensure that legal aid services are adequately and appropriately funded now and in the future.

To give you an example, over 35% of family law applicants are turned away from legal aid. That means that hundreds of people, predominantly single mothers and children, are left with no ability to meet their needs in our family judicial system. The ripple effect is horrendous as many of them, at the same time, are facing issues of poverty and having to turn to social assistance.

These people have no choice but to access the court system in order to deal with their need, and many of them attempt to represent themselves. They are often no match for experienced counsel for their opponent, and judges have no option but to spend valuable time that they should be spending adjudicating the issues, assisting unrepresented litigants having to deal with the legal process: how to file forms, how to fill out forms and how to present evidence. We understand from recent information that about 50% of the cases in family law courts involve

at least one unrepresented litigant. Anecdotally, I'm told by some judges that at least half of those have no lawyer involved in the process. This is across Ontario, not just in Toronto or in any one specific place.

Therefore, we urge the Ontario government to make the justice system a government priority. We have participated in these kinds of sessions and presented the same message, and we will continue to do so. The citizens of this province deserve a justice system in which they have confidence that it is accessible—and accessible in a timely manner—and for which legal aid assistance is available to those in need.

There are tremendous demands on the system, and this is not new; they are documented every day in the *Globe and Mail* and on radio talk shows. The rule of law and the justice system we have must ensure that there is a viable legal system in place which has the same priority as both health care and education. This will ensure that the three pillars of our society—education, health and justice—are met and support our way of life.

Thank you very much. I don't know how I did on my time, but I think I'm pretty good.

**The Chair (Mr. Pat Hoy):** You're in record speed.

**Mr. Jamie Trimble:** Thank you.

**The Chair (Mr. Pat Hoy):** Much quicker than the last, anyway.

We'll go to the government. Mr. Arthurs.

**Mr. Wayne Arthurs:** Thank you very much for the presentation. I noted in your presentation, and you said in your closing comments as well, that you have either been here in this committee or in others in the past and that you'll continue to do so, which is a good thing, obviously. I know you're going to pursue the Business Corporations Act with the Attorney General as well, and certainly it's an appropriate strategy to keep the matter in front of government as need be.

The issues around legal aid are ongoing. I'm trying to recall, and I think we made a fairly significant funding enhancement to the legal aid system two or three years back—my memory is not that good around it, but it's sort of sitting there. Do you recall what we did with that, in that sense? Obviously, from your presentation, it's not sufficient to meet the ongoing demands that are still there, whether or not we have the economic situation we have today.

**Mr. Jamie Trimble:** My memory tells me—Louise can correct me—that it was \$51 million, and I think it was two years ago—

**Ms. Louise Harris:** Over three years ago.

**Mr. Jamie Trimble:** —over three years ago, and it was a one-time infusion. It was needed, and it was wonderful that it came. But the issue isn't one-time infusions; the issue we face is an ongoing commitment of sustainability. That is a chronic issue with legal aid at the moment.

**Mr. Wayne Arthurs:** Okay, thank you.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation.



## ONTARIO LONG TERM CARE ASSOCIATION

**The Chair (Mr. Pat Hoy):** I now call on the Ontario Long Term Care Association to come forward, please.

Good afternoon. You have 10 minutes for your presentation. There could be five minutes of questioning. I would just ask you to identify yourself for our recordings.

**Ms. Janet Lambert:** I'm Janet Lambert. I'm the executive director of the Ontario Long Term Care Association. With me is the vice-chair of our board, Grace Sweatman, who is executive director of Christie Gardens, which is a not-for-profit long-term-care home in downtown Toronto and one of OLTC's members.

We thank the committee very much for hearing us on behalf of our members, who provide a home, and the care and services in that home, to some 50,000 Ontarians, or 70% of Ontarians in long-term care.

We represent a sector perspective: the collective voice of private, not-for-profit, charitable and municipal long-term-care homes; in other words, all the different types of long-term-care homes.

These are tough economic times, and government will have to make tough budget choices in 2009. However, care for 76,000 of Ontario's oldest and frailest citizens must remain a government priority.

It is the right thing for those who have already sacrificed in tough economic times in the past and who no longer have time on their side. A viable long-term-care sector that provides appropriate resident care in a quality, sustaining environment is also the right thing for Ontarians.

This is consistent with the minister's recent speech to the Ontario Nurses' Association, where he said: "You want to do something about emergency rooms? You have got to get long-term care and you have got to get that right too." He also acknowledged that resources and working smarter are required to raise the bar on care and service levels.

We believe that there is a need and the opportunity to do this in the 2009 budget. Getting long-term care right starts with recognizing that long-term care is home for the 76,000 residents who live there. If these residents get the care and services they need in their home, they won't go to hospital emergency rooms or be admitted to an acute care bed. Similarly, the 1,800 ALC patients now waiting daily in hospitals will have the confidence that they can move to long-term care as soon as the opportunity arises.

A brief overview of our sector's funding structure and recent trends will provide clarity for our suggested solutions. Our sector is funded in three envelopes: nursing and personal care, the NPC envelope; program and support services, the PSS envelope; and the other accommodation, or the OA envelope. NPC and PSS are fully funded by government for direct care staffing and supplies. They're what we call pass-through envelopes, in that any unspent funding is returned to government after it has been audited.

The OA envelope is funded primarily by the resident co-payment for lodging and related services that support the capacity, quality, safety and dignity of the home and the care environment. Government controls OA funding through regulation, and homes are allowed to retain any annual surpluses.

We fully appreciate that since 2002, successive governments have increased funding to raise nursing care and service levels. This government continued this trend in the 2008 budget, and for that, we thank you. The increased funding has made a difference. Average daily resident care levels for nursing have risen from 2.04 to 2.7 worked hours. Every year, homes are providing care to older, frailer and sicker residents. Innovations are emerging everywhere, from resident safety and quality improvement initiatives to delivering convalescent care, peritoneal dialysis, and other specialized programs that we normally see in hospitals. In communities all across Ontario, homes are beginning to partner with LHINs, hospitals and others to enhance local access to health care services.

The attached summary you've received outlines our estimate that it will take government's existing commitments plus \$260 million to support this process and address remaining care and service issues. In view of government's tightened fiscal capacity, we offer the two following solutions that will help to continue to advance resident care and service levels in the current economic environment.

Our solutions are built on three principles. Those are:

- invest directly in the expertise in long-term care to impact sector care levels and hospital ALC and emergency wait time issues;

- invest to maximize both short- and long-term return to residents and to our health care system; and

- supplement investments with innovation and policy decisions to enable homes to work smarter in the best interests of the resident.

Our first solution: Strengthen the homes' capacity to provide those services that directly support resident care, dignity, safety and quality of life. Since 2003, increased investments in our sector have been primarily for additional direct care staff in the nursing and personal care envelope. The notable exception was the raw food funding increase on top of that.

We still need more staff to provide hands-on care, and I'll address this in a moment. Over this period, however, resources for other essential services actually began to erode. These are other accommodation-envelope-funded services, such as building maintenance and repair, daily housekeeping and cleaning, laundry, meal preparation and service, staff training and education. The cost of providing these services increased by 3% annually, whereas annual funding to the homes increased only by about 1.5% annually. The result is an accumulated funding deficit for these key services of \$48 million since 2003. In addition, with this same funding, homes have had to absorb double-digit utility cost increases and inflationary increases in other costs.

Homes have absorbed these cost increases through prudent financial management, staffing hour adjustments, and delays in staff replacement and in major maintenance projects. Our members are now advising us that this capacity is exhausted. A strategic investment to address this erosion in 2009 is critical in four key areas:

- avoid service reductions that directly impact residents and their families;

- retain the home's capacity to provide a secure care environment, including the infection control and staff education practices that respond to the risks from things like C. difficile and other superbugs;

- support the ability to invest in and/or adapt their operations to enhance the service capacity to provide a home for ALC patients who have higher, or different, care needs; and

- now that the details of the capital renewal program for B and C homes are known, strengthen the home's capacity to secure the financing necessary to participate in this program.

This program will make three- and four-bed wards a thing of the past in this province. Our early analysis of the program's details suggests that without this strengthened capacity, homes will experience financing difficulties, particularly in this current economic climate.

While not directly related to the 2009 budget, but in the context of working smarter, the ability of renewing B and C homes to strategically add beds will improve local access to long-term-care services and the viability of individual projects.

Other strategic high-return care and service investments in the 2009 budget include directly addressing utility costs and increasing incontinence product funding by 80 cents per resident per day from the current \$1.20 per resident per day.

Our solution number 2: Keep, and if possible accelerate, government's 2008 budget staffing commitments. Government must continue to implement the 2008 budget commitments to fund 2,500 more personal support workers over three years and 2,000 more nurses over four years. This will bring our average daily resident care levels close to 3.0 worked hours by 2012. Our resident care levels will then more closely match resident care needs. This is a critical issue for residents, families, staff and operators. It's also a critical issue for Ontarians. Additional hands-on care means increased capacity to be effective care partners with hospitals and families.

Last year, the ministry identified that some 3,000 long-term-care residents end up in hospital emergency rooms every month. This happens for two reasons: Homes are unable to provide the additional care residents need, and more importantly, families and physicians don't have the confidence that the home can respond appropriately to increased care needs suddenly with current staffing levels. Their instinctive response is transfer to the ER. Implementing the existing staffing commitments will provide more of the care residents need in their homes, not in hospital emergency rooms. ALC hospital patients will know they've got the care they need in their new home.

The resident care impact of these commitments can be enhanced with a work-smarter approach that provides increased flexibility for homes to use the funding provided for care staffing. Currently, the funding for these commitments, as well as the recent 1,200 registered practical nurse commitment, is tagged funding. It must be spent annually for the designated purpose or be returned to government, irrespective of unmet care needs within the home. Homes are not allowed to carry any unspent funding forward or to hire other needed care staff if, despite their best efforts, they're unable to hire the exact designated staff type.

For example, our members estimate that some 35% of the total 2008 registered practical nurse funding will be returned to government as the result of a combination of funding timing and RPN recruitment issues timing. This is over \$20 million of hands-on care that residents will not receive. Residents would benefit if homes were allowed to carry this funding forward and if they had the flexibility to do things like hire other direct care staff in the short term, such as an RN or a PSW if there was no RPN available.

In conclusion, we ask for your support in ensuring that long-term care is a priority in the 2009 budget and for our solutions, which we believe represent strategic, viable and work-smarter solutions that, to quote the minister, will help get long-term care right.

In the face of what the Toronto Star's series on aging termed a demographic tsunami, it's critical that we continue the progress made to date, despite the current economic climate.

Thank you very much.

**The Chair (Mr. Pat Hoy):** Thank you. We'll go to the official opposition.

**Mr. Ted Arnott:** Thank you very much for your presentation this afternoon. We do appreciate your coming in today, as well as the good work that you do on behalf of your members, as well as the residents who live in the long-term-care homes. All the work that you do is very much appreciated by all of us; I know that.

When our party was in government, we announced 20,000 new long-term-care beds. It was a significant announcement because there hadn't been any long-term-care beds built in quite some time, and it was a significant expenditure of money. It's my understanding that today there are 1,800 people waiting in acute care beds who would like to get into long-term-care beds, so I guess my question is, do we need to be building long-term-care beds now?

**Ms. Janet Lambert:** We're at over 98% capacity on average throughout Ontario. We're investing in capital renewal of B and C beds. This is the perfect time to look at what we call bed top-ups, which is getting some more licences to top up the current number of beds in a home that's undergoing capital renewal.

For one reason, we're going to potentially see some losses as homes become bigger to get better standards, so some walls will get bashed in, and where a three- or four-bed ward would exist, it will now be a one- or two-bed room.



We need to have an increase from that perspective, and we need to have an increase to make projects more viable. If you, for example, go from a 32-bed unit to a 40-bed unit, you can actually staff better as far as the nurse-to-resident ratio, and it just makes a project a little more viable. This is the opportunity, now that we're building and doing capital renewal.

**Mr. Ted Arnott:** There's an independent nursing home in Wellington county, close to Guelph, that I'm well acquainted with. For years, the owner was trying to get two additional beds just to improve his operational efficiency and just couldn't get the government to see fit to do it. Even though new beds were approved for the city of Guelph recently, his nursing home, which is about two or three kilometres from the boundary between Guelph and the county of Wellington—he wasn't given the opportunity to even pursue that, unfortunately. Is there an operational funding deficit in terms of our funding of nursing homes today?

**Ms. Janet Lambert:** In terms of us getting to what we call the provincial average, we operate on a per resident per day hours of direct care. The average throughout all the provinces in Canada is 3.0 worked hours or more, depending on the province, and Ontario, up until the

2008 budget announcements, had been virtually last in terms of per resident per day hours worked.

The funding commitments in the 2008 budget would get us to today's average by 2012. We hope those commitments aren't at risk.

**Mr. Ted Arnott:** Is that just an issue for private operators, or is it an issue across the sector?

**Ms. Grace Sweatman:** I can answer that one because I'm a not-for-profit operator. It's a sector-wide issue. The amount of funding—and we've talked about the other accommodation envelope, and I was considering what did that help me with. Well, the roof is patched; it needs to be replaced. We can't even come close to dining service, and that's under that envelope, as well. Our challenge is to maintain a sweet-smelling, clean home. It's our commitment. That's that envelope.

Then, from a very clear health perspective, effective management of the infection control—the infections that seem to come our way—is handled through housekeeping, so we have dietary, housekeeping, laundry and maintenance. We all have the same dilemma.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation before the committee. We are adjourned.

*The committee adjourned at 1800.*





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## CONTENTS

Thursday 4 December 2008

<b>Pre-budget consultations .....</b>	<b>F-533</b>
Canadian Hearing Society, Toronto .....	F-533
Ms. Kelly Duffin; Mr. Gary Malkowski .....	
Canadian Association of Accredited Mortgage Professionals .....	F-535
Mr. Jim Murphy .....	
Ontario Campaign 2000 .....	F-537
Ms. Jacquie Maund; Ms. Stacey Bowen .....	
Communications, Energy and Paperworkers Union of Canada, Ontario region .....	F-539
Mr. Bob Huget .....	
Ontario Coalition for Social Justice .....	F-542
Mr. John Argue .....	
Ontario Secondary School Teachers' Federation, provincial office.....	F-544
Mr. Ken Coran; Mr. Dale Leckie .....	
Council of Academic Hospitals of Ontario .....	F-546
Mr. Murray Martin .....	
Canadian Union of Public Employees, Ontario division.....	F-548
Mr. Sid Ryan .....	
Certified Management Accountants of Ontario .....	F-550
Mr. Merv Hillier .....	
University of Calgary.....	F-553
Dr. Jack Mintz .....	
Hugh Mackenzie and Associates .....	F-557
Mr. Hugh Mackenzie .....	
Toronto Board of Trade.....	F-562
Ms. Carol Wilding; Mr. Richard Joy .....	
Community Social Planning Council of Toronto .....	F-565
Mr. John Campey .....	
Canada's Association for the Fifty-Plus .....	F-567
Ms. Susan Eng .....	
Ontario Association of Residences Treating Youth.....	F-570
Mr. Richard Solomon; Mr. Gordon Moore; Ms. Andrea Rifkin .....	
Registered Nurses Association of Ontario .....	F-573
Ms. Wendy Fucile; Mr. Kim Jarvi .....	
Metro Toronto Chinese and Southeast Asian Legal Clinic.....	F-576
Ms. Avvy Go .....	
Ontario Home Builders' Association .....	F-578
Mr. Frank Giannone; Mr. James Bazely .....	
Ontario Hospital Association.....	F-581
Mr. Tom Closson .....	
Ontario Bar Association .....	F-583
Mr. Jamie Trimble .....	
Ontario Long Term Care Association .....	F-585
Ms. Janet Lambert; Ms. Grace Sweatman .....	



CAZON  
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-F31



F-23

F-23

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of Ontario**

First Session, 39<sup>th</sup> Parliament

**Assemblée législative  
de l'Ontario**

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**Official Report  
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(Hansard)**

**Thursday 11 December 2008**

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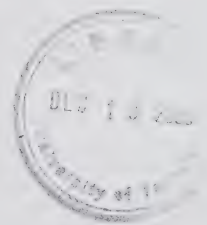
**Jeudi 11 décembre 2008**

**Standing Committee on  
Finance and Economic Affairs**

Pre-budget consultations

**Comité permanent des finances  
et des affaires économiques**

Consultations prébudgétaires



Chair: Pat Hoy  
Clerk: William Short

Président : Pat Hoy  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 11 December 2008

Jeudi 11 décembre 2008

*The committee met at 0822 in room 151.*PRE-BUDGET CONSULTATIONS  
SCOTIA CAPITAL

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order.

Our first guests this morning are from Scotiabank. You have 10 minutes for your presentation, and there will be five minutes of questioning from each of the parties. And if you'd just state your names for the purposes of our recording Hansard, we can begin.

**Mr. Warren Jestin:** My name is Warren Jestin. I'm chief economist of Scotiabank. With me is Mary Webb, senior economist with Scotiabank and one of the top fiscal economists in the country.

**The Chair (Mr. Pat Hoy):** I misspoke; you have 15 minutes for your presentation.

**Mr. Warren Jestin:** Thank you very much. I'll probably talk at the same pace, however.

I should point out ahead of time, before we go, that there's a variety of forecasts that you will be seeing coming out of various economic research groups. Ours tends to be more pessimistic than many other ones that are out there, although the tendency has been for economic forecasts to be revised down in almost all cases, and my strong suspicion is that you're going to see that trend continue through at least the first quarter of the year.

I'll start with an overview of what's happening in the global economy and where Canada and Ontario fit. The bars that you're seeing right here are simply growth rates annually. The latest estimate that we have for 2009, our forecast is in red. The current year is in the white, and 2002 to 2007 is in blue. It's a very unmistakable trend towards slower growth over that period. But more importantly, 2009 will represent a period in which all major industrial economies, the G7, are in recession. It is a very synchronized economic retrenchment globally, and even in China, where the slowdown is occurring, it is very significant: from double-digit growth rates to something that we're estimating here around 8% growth next year. It may well be less. In fact, one of the key risks to the global economy is that emerging markets slow down more than we have anticipated. That would have a significant influence on things like commodity prices,

demand for exports from the United States and developed countries. So that is a significant risk on the outlook.

Within Canada, in our view the economic decline, next year will be significantly less than in the US. We have a number of positives in this country: a strong banking system, better household balance sheets, a fiscal situation that is vastly better. But at the end of the day, economic decline is something that will occur, in our view, in 2009. Moreover, in all economies, both developed and emerging economies, we believe the takeoff, the period of recovery, is going to be very slow, particularly in the US, where a fairly prolonged period of recuperation is in store. Within Canada, given our orientation to the US, given our orientation to manufacturing, we will be the weakest province in 2009, and we're expecting a decline there, as you can see in the handouts that I've brought along with me, that is significantly larger than the all-Canadian average.

If you look at this chart, the yellow is simply showing the price volatility in various commodities over the last two years, starting at the beginning of 2007. The blue is where we were as of yesterday. You'll notice that in most cases we're at or very close to the bottom of that particular range. Gold is an exception. But you can see the range for oil has been breathtaking: \$145 at the top end, \$42 at the bottom end. Given the trend that we're experiencing in Main Street activity, real activity, production activity globally, I suspect those prices are going lower.

The motor vehicle sector, of course, is one that has been particularly affected by the global slowdown, and I've brought along two slides to try and add dimension to the problems facing that sector. The first one is motor vehicle sales, on the left-hand side. You will notice that the US has had a precipitous falloff in sales, but at the same time Europe and Canada have also slowed substantially. On the right side we're looking at market share of North America globally. Whether you look at the production, which is the red line, or the share, there has been a very significant deterioration, and that is not something new. That is something that has been going on for the last decade. So layered on top of the immediate problems of sales, you have a very longer term structural issue that has to be dealt with. That's shown very explicitly in this particular chart, which is only up to 2007. The 2008 numbers would obviously show a more significant drop in many economies in terms of production and sales. But the bottom line is very simple.

The bars here represent where production and sales occur, so that western Europe, the US and Japan remain the largest markets. But the numbers in the shaded area show the growth in production and sales over the first seven years of this particular decade. You will notice a very, very substantial shift in favour of emerging economies. The simple reality in the auto sector is that whether you're in Canada, the US, Europe or Japan, sales five years from now, in normal economic conditions, will probably not be stronger than they were last year or this year. You will find 10 years out, given the demographics, given the population growth and the like, not much growth in sales over that period of time. So the landscape with respect to autos is changing materially in favour of emerging nations. Production and investment will head there. That is something that is causing a major structural transformation in that industry on top of the fact that obviously sales are very weak.

Looking at the US economy—you may have seen these charts before. The left-hand side is simply looking at the housing market. The blue is the decline in starts. The yellow is the rise in inventories. The US housing market is not poised for a turnaround any time soon, whether you look at starts or sales, primarily because there is an overhang of inventories: in some areas well over a year; in some areas that are buoyant, almost a year. But at the end of the day, until you get inventories down to levels that are more traditional, you will find price weakness, you will find reduction in housing starts and sales. This is something that will not turn around any time in the next few months, and in fact you may well find that the period of adjustment in US housing is going to extend well beyond 2009. Marginal borrowers, the sub-prime borrowers who fuelled that market, are no longer in the game. They cannot get mortgages with no money down, no principal repayments and weak income. It's simply not going to happen. So structurally, there has been a change.

Moreover, the borrowers who could qualify for mortgages who are watching the various news media, whether it's electronic or newspapers, don't get the feeling that they should really be rushing out to buy any time soon. Many banks in the US that are lending to prospective borrowers are a little reluctant to go into that market when prices continue to go down and sales are problematic. If you look on the right side—the subprime loan foreclosures, prime foreclosures—everything is pointing to a fairly extensive setback continuing through the first half of next year, and probably a lengthy recuperation.

0830

Inflation is going nowhere fast; in fact, inflation has gone down. Six months ago we were worried about inflation; commodity prices were going to the moon. Now, of course, inflation is not even on the radar screen. For some people who are looking at what the US Federal Reserve is doing in terms of expanding the money supply, which is shown by the monetary base on the lower left, there is concern about inflation further down the line, once economic activity develops some traction.

But in the here and now, inflation is not an issue; we are going to see further rate declines.

In Canada, we believe that the Bank of Canada key rate will go down to 1%; the US, 0.5%. There's even some talk of further cuts in the US. Quite honestly, when you get down to half a percentage point, interest rates are not a material impediment to economic recovery. It's not an interest rate issue; it's a qualifying issue. We are going into a situation where, after 15 years of a borrow-to-buy type of growth, consumers will have to earn to save to buy. That is a very significant difference. We're going from leveraging up to deleveraging. That suggests slow growth for some time.

If you look at what is happening with respect to stimulus in the US, inevitably the amount of spending has gone up very dramatically. But at the same time, as in many jurisdictions, trends in revenue are weakening substantially. That will continue. You have a situation in the US where fiscal deficits are going up extraordinarily rapidly. The US Congress has acquiesced to the view that they will be running trillion-dollar deficits over the next couple of years; we used to think \$500-billion deficits were extraordinarily high. We're adding a new level of economic stimulus in the US that has not been seen before.

At the same time, we find that the US dollar is on fairly strong ground. Why, in an environment where deficits are going up like this, could this be possible? Because everybody is looking for safety, security and liquidity, and the US Treasury market is where people go when they're nervous about the outlook. That's why the US Treasury can issue three-month treasury bills and pay an annualized rate of one basis point—0.01 of a percentage point interest—and people are still big buyers.

However, when the economy gets back on a more sustainable growth footing and these deficits linger, which I think they will, inevitably we're going to have a different view by investors globally and we believe the US dollar will go onto a much weaker footing. So even in the period of economic recovery, look for a lot of volatility in exchange rates. And probably when we get into recovery, given the amount of both monetary and fiscal stimulus we've got here, the inflation concerns themselves are going to drive US bond yields substantially higher, and Canadian longer term interest rates are priced off US bond yields.

In Canada, there's a big, big change going on. Energy trade balance remains in very strong surplus, but the overall trade balance is declining significantly. On the auto side, we used to be running a \$20-billion trade surplus; we're going to be running a \$10-billion trade deficit—a huge shift there. Also, on the fiscal side, governments are going from surplus into deficit. That's the bad news.

The good news, the supportive news, is that Canada, even in these circumstances, is still running external balances and fiscal balances that are the envy of the industrial world. Particularly on the fiscal side, what we have accomplished over the last decade sets us in very



good stead to help cushion the economy over the next little while. The US is following a borrow-to-buy policy in its fiscal settings. We are, effectively, using some of the accumulated benefits we have managed to do over the last half decade or so to allow us to provide support for the economy.

Where is the Canadian dollar going in the near term? As long as global investors want safety, security and liquidity and are running to the US Treasury market, and as long as commodity markets are weak—and they are probably going to decline further—the Canadian dollar will remain both weak and volatile. Over the last month, the Canadian dollar has been as high as 87 cents and as low as 77 cents—extraordinary, unprecedented volatility. That will continue. But on balance, we think a weak currency is going to prevail over the next six to eight months. When the global economy gets on a stronger footing—when Asia starts growing more rapidly, when commodity prices start going up and when global investors are no longer running away from risk the way they are right now and start looking for more balanced portfolios—then we'll get back up to a 90-cent currency and beyond. Is that a story for the next year? No. That's probably a story for 2010 and beyond.

Just a quick overview of the differences between Canada and the US: On the left side, you can very clearly see that the red bars are more buoyant than the blue ones. Even in periods of economic decline, we are seeing consumption stronger in Canada, which is red, than in the US, which is blue. The employment situation is also stronger, but the simple reality is that in both Canada and the US, the economic statistics are declining. In Canada, it has come much more recent simply because commodity prices have turned much more recently—it was after July. But at the end of the day, the shift in commodity markets, the problems we have in manufacturing and our orientation toward the US suggest that job losses will accelerate over the next year in Canada and across Canada.

On the right side, one area where we have been very strong, non-residential construction at the top right, has levelled out. Energy projects in Alberta are being deferred. The strength in infrastructure investment will be in utilities and government projects over the next little while. That is a major area of stabilization for our economy over the next two years.

Export volumes in Canada have been weak for some time. Where export receipts have benefited is the big run-up in commodity prices. Now we're going into a period where commodity prices have come down and export volumes remain weak. The sole differentiating factor between Canada and the US, in terms of economic strength, comes from our fiscal capacity, better household balance sheets and, I would argue, the strength of our Canadian financial institutions.

When you go into the issue of fiscal deficits and surplus, I think this diagram says a lot. On the left side, the blue is the US federal deficit, which has accelerated—this is on a scale of 10 to 1, by the way, or you

wouldn't see the Canadian numbers. The red is Canada, in surplus, as you can see, drifting to a more balanced posture overall, and deficits on a going-forward basis. Those deficits at the federal level will get bigger over the next two years; we are at risk of going into double-digit fiscal deficits in Ottawa. On the right side is really a snapshot of history, fiscal year 2008. To fit Alberta on the scale, we had to put this on a per capita basis. But you can see that the central message here is that the provinces are in much better shape than the US states, for example, and our municipalities are in better shape than US cities. This allows us to provide fiscal stabilization to an extent that the US can't without running up huge, huge, deficits—a major strategic advantage we have on a going-forward basis.

Let's look at the regional setting. We can see big changes in the economic landscape across the country. The left side is the simple trend in nominal GDP per capita—income per capita in a general sense. You can see the big surge in Alberta, but look at Ontario's performance relative to the other provinces. Ontario, which was number two back at the beginning of the decade, has in fact moved down and down in relative performance. That shows up in the more startling reality on the right side: In 2010, Ontario will be a have-not province, at least with equalization entitlements. The economic landscape has changed very fundamentally in this country. Our equalization flows between the province and the federal government, relative to other provinces, have not changed. That reality has not caught up to the economic conditions in the country.

Finally, if you look at what's happening on a longer term basis, Canada, which has been the number one supplier to the US market, lost that bragging right last year. We've gained it back this year, but over time I suspect we will fall behind China. The reason we've been able to remain near the top, in terms of status, is energy exports. If you look at the "Canada ex. Energy" line, which is basically looking at manufacturers and some other industries, we have moved down significantly over this decade.

#### 0840

In terms of performance on employment, which is what the right-hand diagram is showing, where the jobs are being created is obviously not in manufacturing, where job loss is accelerating, but in services and construction.

What can we anticipate over the next two years? We can anticipate that the manufacturing employment line will continue to go down. We can anticipate that the service line will, at best, level out. And on the construction side, inevitably, I think we're going to have some setbacks. So if I were painting the picture of the economic outlook over the next year, it is one of very weak first-half performance, a very muted stabilization or a modest recovery in the second half of next year and probably very slow growth lingering into 2010.

That's my summary of what's happening in the economy.

**The Chair (Mr. Pat Hoy):** Thank you very much. We'll begin the questioning, and this round will go to the government. Mr. Arthurs.

**Mr. Wayne Arthurs:** Mr. Jestin, Ms. Webb, thank you both for being here this morning so bright and early.

It's a sobering presentation. If there's a silver lining, I guess, your opening comment was that Scotiabank may be a little more pessimistic than some others are at this point. So I'll take a modest amount of solace in that, but not a whole lot, based on what you're presenting at this point in time in the economy and as current as this information is.

Within the context of the province, our process is developing our budget for next year. Recognizing our role in the national economy and our position in the context of an international North American or world economy, it begins to pale a little bit. Obviously, we're looking for those strategies and mechanisms that will allow us to provide some stimulus to our own economy, protect where we can the existing job capacities that we have, acknowledging what's happening in things like manufacturing and the auto sector.

What would you say to us in the context of stimulus? What types of sectors should we be looking at? What should government be doing in its efforts to provide some stimulus and/or to stabilize the economic situation within the province of Ontario, given the capacity that we have?

**Mr. Warren Jestin:** Well, there are three players in this particular fiscal and monetary policy, but fiscal policy at both the federal level and the provincial level. I think we're going to find that all three groups will be moving towards stimulus in a fairly aggressive way. We believe the Bank of Canada will lower interest rates significantly more, and we believe they have to do the heavy lifting in terms of providing stimulus into the economy.

The federal government already has introduced a number of stimulus initiatives over the last couple of years which have fed into the economy, and they have done so in a way that is entirely dissimilar to the US. You may remember that in the US a big cheque was sent to most American families in May, June and July and it provided help in May, June and July. But no new cheques were coming in August and September. The reason I highlight this is the US followed an ad hoc temporary fiscal strategy which did not pay dividends. In Canada, what we have to do is focus on the longer term, and I think the federal government will be doing that in terms of providing more support.

At the Ontario level, I believe that the primary area of support in the economy remains improving infrastructure. I think we have to stay away from changes or expenditures that either are temporary in nature and do not lead to longer-term productivity benefits, or ones that are aimed at sectors that really have no reasonable prospect of longer-term expansion. I think you're going to find in Canada, certainly in the US, that the line of industries, the line of companies that are in front of the door trying

to get some sort of support, is going to grow substantially over the next six months, if you believe our view that the next two quarters are going to be ones where Main Street activity is under very substantial pressure.

I would be very circumspect in terms of very large amounts of support for any industries because it's precedential, it sets precedents for other industries, and effectively could lead to a series of expenditures that may offer very temporary support but not longer-term benefits. The terms and conditions attached to support must be very, very tight and well-thought-out.

In terms of the tax side, in normal conditions you would find economists saying, "Okay, what we need to do is bring corporate taxes down and bring personal taxes down." I don't think the Ontario government or, for that matter, the federal government is going to have the problem of too much money over the next little while. In fact, the revenue trends are very, very discouraging. So I think the options on the tax side may be relatively muted on a go-forward basis. That's why I would stress things that boost productivity in our economy.

**The Chair (Mr. Pat Hoy):** Now we'll move to the official opposition. Mr. Hudak.

**Mr. Tim Hudak:** Mr. Jestin, Ms. Webb, thank you very much for being back at our committee. My colleague Mr. Arnott and I will split some time here.

Just on your response to my colleague Mr. Arthurs on infrastructure investments to improve long-term productivity, can you be a bit more specific? Is this transportation infrastructure? Is this human capital? What's your recommendation as the priorities for infrastructure spending?

**Mr. Warren Jestin:** We've already got a lot of opportunities with respect to physical infrastructure; the key issue is actually getting the shovels in the ground. Obviously, there are a lot of things that exist that we could probably accelerate; not ones that may be two or three or four years out but something that we can do immediately, because job support, I think, is essential.

Your second point, I think, is a very important one, however, and that is, if we're going to be competitive in a global economy over the next 10 years, over the next 20 years, it's going to hinge on our human capital—on skills training, on our education, beyond university education. I think that in an era where we have the opportunity to improve the educational infrastructure in this province, we have to look at the community college network, the area of training workers in particular skills and trades and the like, and try to find the most efficient and effective way of boosting the overall skill set in the province, also looking at the very large flow of immigrant population into the province which has skills: How do we effectively integrate those? Those, I think, should all be areas of priority.

**Mr. Tim Hudak:** One of the major concerns of business groups is access to capital, the jam-up in the liquidity markets. Are you seeing an improvement there, is it an ongoing concern, and, if so, is there anything the provincial government can do about it or does it rest at the federal level?



**Mr. Warren Jestin:** The federal government has been doing a number of things that offer some support, although the issues that they have launched with respect to mortgage purchases and the like are done at a profit to the federal government, as you can see from the economic statement that was released a week ago. The government is expecting to make a fair bit of money over the next few years in that, because they're buying it at market, effectively.

If you're talking about the trends in lending, it remains relatively strong in Canada. You can look at Canada and the US as being polar opposites in that particular case. The Bank of Canada publishes these statistics. But at the end of the day, as economic conditions weaken, there are going to be businesses that, on a simple economic basis, will not have access to credit simply because of the financial stress that they're under. I suspect you're going to find the same thing in individuals. So I believe the trends in personal and business lending will continue to be pretty solid, and certainly much better than in the US, but with the type of economic conditions we're going into, access to credit on a business basis or on a normal basis will become increasingly difficult.

**The Chair (Mr. Pat Hoy):** Mr. Arnott.

**Mr. Ted Arnott:** Thank you, Mr. Jestin, for your presentation today. I'm sorry I missed the first part, but I was glad to hear the latter part of it.

In your professional opinion, is Ontario in a recession at the present time, and, if so, in which quarter did we enter into a recession?

**Mr. Warren Jestin:** If you want to define it as a recession, yes. Given the vagaries of economic statistics, quite honestly, we may find through revisions that the quarter that it entered recession may move around over time. But I think there's a very important point to make, and that is that, in most people's minds, a recession has to do with high inventories and high interest rates. It is a cyclical issue where you have a specific length of time where adjustments are made. Once those adjustments are made, you're off to the races again; you're back up into the expansionary phase. I strongly believe that there is much more to what we are going through right now than a simple cyclical setback, what we would normally refer to as a recession. We have a structural transformation going on. Certainly in the US, the deleveraging will go on. Globally, that is the case. I could mention many, many structural changes that are going on that suggest that, both in intensity but also duration, the setback that we're in right now may be unprecedented in the lifetime of anybody in this room.

0850

**The Chair (Mr. Pat Hoy):** Thank you, and now we'll move to the NDP and Mr. Prue.

**Mr. Michael Prue:** Most of this is very sobering. I think I expected most of it, but to have it all in front of me all at once is sobering.

You didn't talk about unemployment or employment prospects. We're running at about 7.1% unemployment in Ontario now. What do you foresee? Do you see that growing?

**Mr. Warren Jestin:** I think it is virtually inevitable that the unemployment rate goes up significantly and job losses accelerate. You've got to remember that if you look at the Canadian and US trends, up until about two months ago, Canada and Ontario were doing remarkably better than the US. But as we have these big adjustments now, and you can read about them every day in the newspaper or see it in the electronic media, there are significant global layoffs that will feed through into demand for Canadian products and ultimately lead to more layoffs, so that, over the next nine months in particular, and it may be well over a year, because employment is a lagging indicator, you may well see that the news coming out of our labour markets remains very disappointing.

Moreover, there is a trend in the US which has been very strong over the last year as to what they call "involuntary part-time," and that is really a disguised type of unemployment. These are people who want to work a standard 37.5- or 40-hour week but for economic reasons have been pushed into 15 to 20 hours a week. That is a trend that is likely to continue. So that's where the real stress is. Where the rubber hits the road in Ontario is in the household sector, and the household sector, in my view, will be under stress because of rising levels of unemployment.

**Mr. Michael Prue:** Other economists who have been before us told us that the way to stimulate the economy is twofold. The first is to get those work projects going, the ones that don't involve either a planning process or an environmental process—the ones that can be done right away—and secondarily is to flow money to the poor, who will spend it. Would you agree that those are the two key things?

**Mr. Warren Jestin:** The infrastructural, certainly. When you look at the issue of poverty, there has been a lot of work in reducing barriers to entry for the working poor, getting people into the labour market. At the federal and provincial level there's been a significant yard's gain there. I would say that that's an area we should continue to work on. There are many people in the province who unfortunately are unable to work, but there are many people not working who want to work, and to reduce the barriers to entry there is something we have to continue to move at. Certainly in the GTA, that is a significant issue.

**Mr. Michael Prue:** You also talked about where not to put our money. It seems to me, although I didn't hear this directly, that you're saying not to put it into failing economies: things like the auto sector, manufacturing. We shouldn't be bailing them out. We should be looking to industries in construction, industries in the green economy, other things that have a future. Is that, in fact, what you're saying? There should be no bailout?

**Mr. Warren Jestin:** If you look at areas that we can help, you already mentioned industries in the emerging environmental remediation area, ones that longer-term, have some greater potential. I don't believe that we can really pick winners and losers. I certainly can't. We've got a fairly checkered past in Canada of trying to pick the

winners and losers in terms of industrial leaders. So broad-based support for industry, things that improve the competitiveness in general, is where we should go.

The reality, however, is that the auto sector is enormous in this province. The auto sector is not simply production, but it is a whole network of industries that are clustered around the production and assembly business: the parts producers and the like. What I suggest very clearly is that the plan for support, if it's there, is based on longer-term viability, which probably would only be structured around an auto sector that is significantly smaller than it is today.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation before the committee.

**Mr. Warren Jestin:** Thank you.

### INCOME SECURITY ADVOCACY CENTRE

**The Chair (Mr. Pat Hoy):** Now I call on the Income Security Advocacy Centre to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I'd just ask you to identify yourself for our recording Hansard.

**Ms. Mary Marrone:** Okay. My name is Mary Marrone. I'm the director of advocacy and legal services at the Income Security Advocacy Centre. We're a community legal clinic funded by Legal Aid Ontario, and we have a mandate to advocate for the improvement of the income security of people living in Ontario through test case litigation, policy development and advocacy and community organizing. We're governed by an elected board of directors that includes members of low-income communities around the province.

Today, I want to say that we were very pleased to see the government announcement last week for the poverty reduction strategy, but what we're particularly pleased about is the commitment to a review of social assistance, that there is an acknowledgment that we have a problem with the Ontario Works program and the Ontario disability support program in Ontario.

Our message to you today is that this budget needs to contain investments in three critical areas. The first is that there has to be commitment to improve the income levels for the people who rely on these programs; secondly, it has to include funding to support the promised review of social assistance; and thirdly, it should support the cost of an immediate increase to the level of assets that are exempted for eligibility for Ontario Works.

I'm going to start with the income adequacy issue. There is a commitment in the strategy to keep building on the increases that the government has made since it has come into power, but the strategy doesn't address the urgency of the situation. The immediate issue—we've been talking to people around the province for the last six months, and the first issue that always comes up is a critical need for an increase. You've heard all the statistics. We were here last year. Whatever poverty line you compare social assistance to, whether it's a low-income cut-off, the low-income measures or Fraser Institute con-

servative poverty lines, there's a huge gap that needs to be addressed. As I said, I'm not going to take you through that again; I'm only going to say that we join a chorus of voices that are beginning to call for a significant increase.

The city of Toronto, in a recently released report, is suggesting a 40% increase. The 25 in 5 coalition is calling for a \$100-a-month increase. We simply want to send you the message that 2% isn't enough. This is the time, even though we are in an economic crisis, and it makes the issue urgent; it's not one that can be delayed. It's urgent for the people who rely on the programs now and for the people who may have to rely on them in the future if job losses climb.

I think that today, we can say that not only is it the socially responsible and right thing to do; it's becoming clearer that it's the economically prudent thing to do. Economists around the world are calling on governments to commit to fiscal stimulus of the economy. From the International Monetary Fund to Barack Obama's economic advisers to the United Nations and some of our own banks, the message is increasingly saying that it's important to put money in the hands of the poor—into the hands of people who are going to spend that money in the local economy and help keep small businesses afloat. Any increase to social assistance is going to go directly to the purchase of food, clothing and other household expenses. Stimulating demand in this way is going to be a win for low-income people and a win for Ontario's economy.

On the second issue of the social assistance review, this is even more critical. Because of the crisis, this review has to start right away. Job losses are increasing, and I would argue that Ontario is not prepared to respond. We agree with the Ontario government and other experts that the erosion of employment insurance has to be addressed by the federal government. As you know, in the early 1990s, 70% of unemployed workers in Ontario were eligible for EI in the last recession. According to the Caledon Institute, that number has dropped to 29%, so we have to urge the federal government to immediately increase eligibility and the rate of benefits to protect the workers and families who are going to feel the brunt of this crisis, and to prevent a deepening of the economic crisis. But with or without improvements to EI, the problems with social assistance have to be addressed. We're being told that this is going to be a long-term crisis, so there will be those who don't qualify for EI or those whose benefits are going to run out.

### 0900

This review needs to start immediately, and it needs to include stakeholder groups that include people on low incomes. They understand better than anybody the problems with the current program, the obstacles that are put in the way of people trying to get out of poverty. This review is long overdue. The programs we have today are based on an outdated approach that has been widely discredited in research around the world. The programs aren't aligned with new labour market realities, and



they're inconsistent with the poverty reduction strategy. They have an array of rules that punish people for making prudent financial decisions and reasonable family support arrangements. When Ontario Works was first introduced, it criminalized behaviour that used to be encouraged by previous governments, like attending post-secondary education and obtaining OSAP to pay for the education expenses and staying on benefits while you go through it. This is rational behaviour by people trying to get out of poverty.

This government has eliminated many of the worst and most draconian of those rules, but some of them still remain. I'm just going to give you a few examples. We have people who have family and friends helping out occasionally with groceries. Welfare case workers have calculated the monetary value of those groceries and deducted it from their next month's cheque. People who can't afford their own apartments, not surprisingly—a single person gets less than \$600 a month—obviously have to share. You find that when you share, sometimes your benefits are going to go down because of that prudent decision you've made to share an apartment. Finally, single mothers have their cheques deducted dollar for dollar when they're getting support from former spouses. This can happen even if they don't actually receive the money. So they end up with a net loss.

The other issue that I'm going to deal with in a bit more detail is the requirement that recipients strip themselves of their savings and their RRSPs just to qualify for these benefits.

Finally, there's a very perverse rule—only in the world of social assistance—that treats loans as income. If you're strapped for cash and you have an emergency and you have to borrow money to meet that emergency, that dollar amount is deducted from your next cheque because it's treated as income by social assistance. So all of these—what have been called, by the government, “stupid rules”—have to be addressed.

But even more importantly for these economic times, OW remains a program that's premised on the shortest route to employment, rather than one that invests in skills training and other supports that provide a permanent route out of poverty. The result of this short-sightedness, particularly in the early years of the program, has been an increase in the number of working poor in the province.

Social assistance recipients are often pitted against those who are living in poverty from low-wage work or precarious employment, but they're not always two distinct groups. If you want to improve the lives of the working poor, then you've got to improve the Ontario Works program, because it's a program that traps people in poverty and leaves them in a perpetual cycle between Ontario Works and precarious employment, instead of giving them the supports they need to move into the labour force to jobs that are actually going to support them and their families and to engage in today's labour market. So we have to find a way of linking people who are on the program to Employment Ontario and access to the labour market agreements and use a human invest-

ment capital approach, not the shortest route to employment. That has been documented and researched, again, from the UK and from the US, that it's a better way to go. This review has to happen now, and it has to be funded.

The last point that I just want to mention: the specific rule around asset levels. I think this budget needs to make a commitment to increase the asset levels of Ontario Works right away. It's extremely low. I don't have the exact numbers in front of me, but it used to be one month's benefits. Again, this government has made a slight improvement. It's around \$600 or under \$1,000. That's all you're allowed to have in the bank in order to collect Ontario Works. So that has to be looked at right away. Until major changes are made to EI, there are going to be newly unemployed workers in this province who are not going to qualify, and they're going to be looking to Ontario Works for some support. You can't expect them to strip themselves of the RRSPs they've been spending years saving, and you're going to dump them deeper into poverty that they're never going to climb out of. This is one rule that has been identified as a key problem that creates a deep hole of poverty that leaves people there.

In summary, we're looking at three priorities for this budget: the income levels, the review of social assistance and an immediate change to the asset rule.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning will go to the official opposition.

**Mr. Ted Arnott:** Thank you for your presentation. It was very interesting and helpful to us all. I would certainly agree that if we go into a period of protracted economic decline in Ontario, we have to review—governments at all levels, quite frankly, have to review their social safety net to ensure that those who are truly in need receive the income support they need to survive.

You did mention skills training. I'm sure you're aware that the Auditor General for Ontario has highlighted some of the deficiencies in the current training programs administered by the Ministry of Training, Colleges and Universities. Do you have any comments with respect to your view as to how those training programs are working and how they could be improved?

**Ms. Mary Marrone:** To be honest, that's not my area of expertise in terms of the quality of the training. We would support any improvements that are made. Our main concern is that people who are on OW have access to training programs that are connected to real demands in the economy and to employers, and also the other supports that are necessary. The other thing in the news this morning was that Canada is at the bottom of the list of countries in their commitment to early child care and the availability of child care for single mothers who need to be in the workforce. I think that also needs to be addressed, along with the skills training.

**Mr. Ted Arnott:** One of your key points was that the level of assets for Ontario Works applicants needs to be raised. The terminology would be the level of assets, I suppose, that they're allowed to have without being

forced to spend before they are successful in terms of their Ontario Works application. You mentioned RSPs. Do you think that RSPs should be totally exempt from the calculation, in the sense that the money is intended to be used for retirement, not for short-term needs? At what level should the assets be set before Ontario Works kicks in?

**Ms. Mary Marrone:** We haven't developed a recommendation on what the specific asset level should be. Perhaps, if you have \$1 million in the bank, it won't be necessary for you to resort to OW. But right now, if you have \$5,000, you're expected to spend it down, and that makes it that much more difficult to get out of poverty later. Even when you're on OW, if you're trying to get out and you begin to work and you're allowed to keep some of those earnings, the moment you have assets that hit that ceiling, you're disintitled in the next month and you spend down again. What people need is a process that allows them to build their assets so that when they work their way off Ontario Works, they can stay off instead of having a crisis the moment their income stops again.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### ONTARIO CONFEDERATION OF UNIVERSITY FACULTY ASSOCIATIONS

**The Chair (Mr. Pat Hoy):** Now I call on the Ontario Confederation of University Faculty Associations. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning. I would just ask you to identify yourselves for the purposes of our recording Hansard, and you can begin.

**Dr. Brian Brown:** Thank you very much. I'm pleased to have the opportunity to speak today. I'm Professor Brian E. Brown, president of the Ontario Confederation of University Faculty Associations. I'm joined today, on my right, by the executive director of OCUFA, Henry Mandelbaum, and on my left, Mark Rosenfeld, the associate executive director.

I've been participating in faculty association meetings across the province, and what I'm learning about the province's universities is alarming: shabby facilities, mushrooming class sizes, faculty not having enough time for individual students, fewer courses on offer across a narrow range, and concerns that students are shouldering far too great a share of the costs of running a university—close to half the costs.

The root cause is a significant and chronic underfunding of Ontario's university sector. The province ranks dead last in Canada for per capita funding for universities and second-last in per student funding. Ontario's student-faculty ratio is among the worst on the continent. So the university sector is already struggling, and now a full-blown recession is putting even more strains on its finances. Endowment funds are suffering huge losses, so many funds are halting disbursements. Defined-benefit pension funds are facing deficits which universities will

have to make up. Fundraising has been slowing since last summer, with observers predicting it will only get worse. We realize and are sensitive to the fact that at the same time as the universities are facing fiscal woes, government is feeling similar strains. All levels of government face very difficult choices. In our presentation here today, our aim is to help government make what we believe is the right choice for universities and students.

#### 0910

We first have a duty to this committee to warn emphatically that there can be no rollbacks in current university funding, at least not without lasting damage to the university system. Cutbacks would jeopardize our institutions' ability to attract the faculty, the research money and the students this province needs to renew its economy. If the government fails to fund the university sector appropriately, the current deterioration in quality will become a relentless downward spiral as Ontario first loses its economic pre-eminence, and then cannot recover because it has not invested enough in education. We have suggestions about how the government can spend its university funding more effectively so that it gets more bang for its university buck. For example:

(1) One way to ease that pressure on university budgets is to divert funding from current capital funds to fund shortfalls on the operating side, including faculty hiring.

(2) Universities are being forced to spend millions on bureaucracy to comply with government's information reporting demands. Universities have to be accountable for their spending, but there are less expensive ways of assuring such accountability.

(3) Envelope funding should be stopped and the money put instead into base funding so that universities have the predictable, stable funding that they need to plan and resource projects and programs with maximum efficiency.

(4) The increased federal funding for the post-secondary system through the Canadian social transfer should be allocated to capital funding for facilities renewal, thus allowing provincial funding to ease pressures on the operating side.

In other words, there are measures the Ontario government can take that will maximize the effectiveness of its funding for universities.

Our second duty is to warn the government that current funding levels, even if more effectively deployed, will not be enough. History tells us that enrolments will increase as the young stay in school longer and the workforce veterans return for retraining. Most of us, and not just us in the academy, will welcome this, knowing that an educated, skilled population is the best way for Ontario to move forward. But it will cost money just as other demands on government finances soar. The government will need to increase its own expenditures in a number of areas to deal with the social consequences of a recession.

But we believe this should not be at the expense of the university sector. The Ontario government has been



warning that a deficit is coming, but the people of this province need more than the government's tolerating a deficit stemming from a wise refusal to cut spending. The people of this province need a stimulus budget, and one large enough to create jobs, shore up consumer demand and restore confidence in the future.

The International Monetary Fund is asking governments for 2% of their GDPs, which would mean \$12 billion for Ontario. The United Nations is calling for a similar-size stimulus. Our universities can play an invaluable role in deploying such a stimulus.

First, there are capital projects on the books right now on campuses across this province, especially in deferred maintenance, but even in construction for new classrooms, libraries, laboratories and student housing.

Second, our sector can hire thousands of eager young academics to prepare hundreds of thousands of young people for a new economy and retrain older workers. By hiring more academic staff and by offering students an accessible and affordable education, Ontario universities can relieve youth unemployment and help produce the knowledge workers that are needed to renew our economy.

There were great fears throughout the Second World War that it would be followed by a return to the Great Depression as a million men and women in Canada's Armed Forces returned to civilian life and the armaments industry no longer needed the hundreds of thousands it employed. The Canadian government brought in the Veterans Charter, a stimulus measure which paid for the higher education of tens of thousands of veterans. A multitude of engineers, architects, chemists, physicists, doctors and educators streamed into our economy and helped create the longest, deepest and most prosperous period of economic expansion in world history. We urge the government to think this big, to take a leaf from history, to see its commendable Reaching Higher program as a first step and then invest significantly in our post-secondary system and in our young people.

In conclusion, I'd just like to thank you once again for giving OCUFA the opportunity to appear before this committee at such an important juncture, and we look forward to responding to any questions you may have.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation. The questioning will go to Mr. Prue of the NDP.

**Mr. Michael Prue:** Thank you. You've made a number of good suggestions. I'd just like to go through them.

Capital projects: Can you give us any kind of indication—I know there are, what, 17 universities in Ontario? Is that the number?

**Mr. Henry Mandelbaum:** Twenty-three.

**Mr. Michael Prue:** Twenty-three. Okay. How many of them have capital projects that are ready to roll? Because the economists have told us we have to spend the money—one called it "pothole fixing," refurbishing—and not to wait, that if there's no plan, if there's no environmental approval, if there are things that would take some time, not to go there. How many of the universities have projects ready to roll today?

**Dr. Brian Brown:** If you're looking, I think you can go onto any campus and you will find that capital projects are there; they are starting. They need money for that, all universities.

**Mr. Michael Prue:** All right. So they all have planning approval and they're all ready to go?

**Dr. Brian Brown:** Absolutely.

**Mr. Michael Prue:** Okay.

The second thing you're suggesting is to hire thousands of eager young academics. I think nobody would disagree with that, but we have a situation at York University at this time where those eager young academics want to have some kind of status. What are you suggesting?

**Dr. Brian Brown:** Well, if you look at just our enrolments, in terms of what the Reaching Higher program suggested, which was that around 46,000 students would be entering the post-secondary system by 2011, the COU now predicts that there are 92,000 students who are going to be entering into our system. So in terms of trying to teach and give a quality education to those individuals, we need to hire more full-time, tenured faculty.

**Mr. Michael Prue:** Okay. So the answer is not what some universities are doing: taking postgraduate students and giving small stipends. That's not the answer?

**Dr. Brian Brown:** That's not the answer, no.

**Mr. Henry Mandelbaum:** There are a few things, and I think that York really epitomizes some of the changes that are taking place in the university system.

First of all, it's inevitable that there will be people who are taking graduate and postgraduate programs who are teaching as TAs and research assistants. As a way of assisting professors and providing better quality education to students, that's not bad. It also gives them training as academics. But what we're finding is that there is an increasing reliance on sessional contract faculty, and we think that works to the detriment of the post-secondary education system and its students.

So, as Brian indicated, we not only need to hire more faculty, but we need to hire more faculty into tenure-track positions. Right now, around 67% of all faculty are either tenured or in tenure-track positions, but if you take a look at hiring, around 50% of all hires right now are sessional. So it's a significant change within the system.

**Mr. Michael Prue:** Do I still have time?

**The Chair (Mr. Pat Hoy):** You still have about a minute.

**Mr. Michael Prue:** The last question, then, has to do with student debt, and you talk about that: parental savings evaporating, credit very difficult. In times of uncertainty like this, with declining jobs, what does the government need to do in order to keep students studying and keep the universities going? Students won't have the money to pay tuition, quite conceivably—not in the same numbers as they have today.

**Dr. Brian Brown:** No, that's true. Ideally, what OCUFA would like to see is that tuitions are frozen at this point. That's the position that we have.

Henry, I don't know if you wanted to add anything to that?

**Mr. Henry Mandelbaum:** I think that's the position we would be taking, at least as a first step towards reduction at some time in the future. One of the significant changes, again, is that despite the huge influx of operating money into the university system in 2005, what we're finding is that Ontario leads the country in the proportion that tuition pays towards total university operating revenue. So we're moving from a public system to a publicly assisted system, and if the current trends continue, it will even get worse. There's more money that needs to come from the government on the operating side.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation this morning.

We will recess until one of our next presenters arrives.

*The committee recessed from 0922 to 0925.*

## ONTARIO FEDERATION OF LABOUR

**The Chair (Mr. Pat Hoy):** The standing committee will now come to order once again. We have our next presentation, by the Ontario Federation of Labour. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. If you would just identify yourselves for the purposes of our recording Hansard.

**Ms. Irene Harris:** Thank you, Mr. Chair. My name is Irene Harris and I'm the secretary-treasurer at the Ontario Federation of Labour. With me is Sheila Block, our research director.

In my pre-budget submissions to you today, some of the things I want to talk to you about are what the International Monetary Fund is saying about fiscal stimulus, how big our deficit in Ontario should be, and what kinds of funding and risk-sharing can best provide security for Ontarians in retirement. This is pretty dry stuff for a lot of us. The issues are very dry, but their impact is anything but dry. Their impact is the story of hundreds of thousands, millions, of Ontarians behind all the big numbers, the charts and the graphs.

It's my job and my wish to talk to you today about what the crisis in the economy is doing to communities, families, your constituents, and our members. As an elected officer of Ontario's central labour body, I'm here today to represent:

- workers who were among the 66,000 who lost their jobs in Ontario last month and who are facing great uncertainty about their future;

- workers who immigrated to this province with great hopes for their future and for their children's future and who are facing this crisis without extended family, without savings, and with a social safety net in tatters;

- public sector workers who will face unprecedented demands on the crucial services they provide to our communities and who are already stretched far too thin after years of underfunding and understaffing; and

- workers who have just retired and face an uncertain future either because they don't have pension plans and

the value of their own savings and investments has been greatly diminished or because they have pension plans which are now significantly underfunded.

The circumstances in this province are extraordinary. We are being battered by an economic crisis that is unlike anything we have seen in decades and that is not of our making. If we can look for any silver lining, and we must, the course of action we take can be as historic as the crisis itself. Government responses will determine how long and how severe this economic turnaround will be. Inaction or timid and partial measures will lengthen the recession and deepen and extend the suffering.

Ontario's upcoming budget is critical not only for its response to the recession, but for the path it sets us on when we come out of the recession. It should be a path to a more sustainable future, a greener economy, and rebuilt public and social infrastructure.

I'm not an economist, but I knew we were in deep trouble when all of the Bay Street economists changed their no-deficit tune. What had been an article of faith over the past 10 years had been abandoned in less than three months. In those three months, we've seen the TSX lose 40% of its value, sovereign governments fail, and US consumption move into a freefall.

However, this is just a partial victory for common sense. While the debate has moved away from whether governments should ever run deficits, it has moved to what size the deficit should be. Some will tell you that while governments shouldn't make things worse by reducing spending or raising taxes, they shouldn't do anything to make things better either.

There's an international consensus that governments must take strong action. The G20 group of nations, the European Union and others share this view. The International Monetary Fund said governments should introduce spending in the range of 2% of GDP. For Ontario, that means a stimulus of about \$12 billion. Other national governments like Britain and China are providing fiscal stimulus that is more than 5% of GDP, and President-elect Obama has a vision for where the economy needs to be heading in the future and what government can do to help get it there.

What do we do here in Canada and in Ontario? I ask that all of us take a moment now and remember the people I spoke about at the beginning of my remarks. What are we doing for those people who are losing their jobs, whose pensions and savings are insufficient, whose present and future are insecure? Tragically, we have witnessed a historic vacuum of leadership from the federal government. Worse than nothing, it has put forward wrong-headed economic policies and partisanship at a time when we desperately need leadership and a partner for Ontario.

We need the Ontario government to take bold action to rebuild our economy and prepare Ontario for the recovery. We need to invest in people, maintain our manufacturing base and move our economy to a greener, more sustainable future.

Respectfully, then, we suggest that this budget should do the following.



(1) It should maintain all current and planned spending on government services. Cutting back on the public services people need the most will not be good for the economy.

(2) It should make a substantial down payment on the government's poverty reduction strategy through new investments in affordable housing and increased benefits for low-income Ontarians. Ontarians who are living on social assistance cannot be told that they have to wait even longer to be able to live in dignity. While the government is working through a transformation of the system, we need immediate increases. These increases will be recycled into local communities and will help to move us out of recession if people get these increases. Increased investment in affordable housing is good for the economy. It fosters skill development, creates high-quality jobs and, if done wisely, investments in social housing can increase environmental efficiencies, moving us towards crucial long-term conservation goals.

0930

(3) We need to speed up planned infrastructure investments to take up expected slack in construction activity. Communities across Ontario have infrastructure projects that are ready to proceed. Priority should be placed on climate-change-related infrastructure that will increase the sustainability of our communities and our economy. These projects will retain our skilled construction workforce and will have a positive impact on the economy in the short term. They will support economic activities directly through these projects' needs for local supplies and through the money that workers in these projects will be spending in their own communities. In the long term, we will have increased the productive capacity of our economy, moved into a more sustainable economy and made those investments at a very reasonable cost, given the slack in the economy today.

With the difficulties in credit markets, the government should use this opportunity to set aside its P3 financing policy for public infrastructure investments. Now is a really good time to do that. This investment strategy should include a green retrofit program for buildings in municipalities, in universities, schools and hospitals, as well as Ontario government buildings, to increase their energy efficiency. All infrastructure and housing spending should include buy-Canadian rules.

(4) We need to keep the lights on in Ontario's manufacturing base. The credit crisis and the bottom falling out of the US demand have threatened Ontario businesses that will be profitable after the recovery. There is a need to identify who these viable businesses are and identify strategies to keep this productive capacity in the province. Closing plants and shipping equipment to China is not the desired response to short-term problems, no matter how large they are. Ontario should establish a jobs commissioner who has the flexibility needed to determine what kinds of assistance might be required and desirable and has the ability to strengthen adjustment assistance for workers who will lose their jobs.

(5) The financial crisis has made clear what the labour movement has been saying for years: Saving for retire-

ment is something that we should not be doing on our own. While the rewards can be large in boom times, the risks are very bad in bad times. We need strong regulation to enhance security for those with defined benefit pension plans and we need to expand pension plan coverage and security for those who don't have these plans.

(6) Finally, we need a partner in the federal government. We need a partner who will work for fairer trade deals to make sure that two thirds of unemployed Ontarians who are ineligible for employment insurance benefits get access and a partner in the important rebuilding process that we are embarking on.

Thank you for your time.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation. This round of questioning will go to the government. Mr. Arthurs.

**Mr. Wayne Arthurs:** Ms. Harris, thank you for being here this morning, as well as Ms. Block. We appreciate having you both here, and the comments you made.

I'm interested in your comments around investments—infrastructure investments in particular. This past budget cycle, we put in place the Investing in Ontario Act, which just recently flowed just over \$1 billion to municipalities for infrastructure purposes as a way to take advantage when we were having a good economic year and share that. It seems in hindsight, in part, that it was a wise decision from the standpoint of being able to flow dollars for the purpose of infrastructure at a time when we need it most.

I'd like you to speak a little bit more on, if you would, the advantages that you see of that type of strategy, where a provincial government with a federal partner flows money through the MUSH sector, as one sector, as a means by which we can ensure that the monies that are moving are moving quickly and getting into the workplace quickly to support labour and support the primarily construction-related activity.

**Ms. Irene Harris:** I would just say that it's our understanding that a lot of the municipalities, school boards and groups in the MUSH sector right now have projects that they're ready to move on, and the only thing that's stopping them is the money. So it should be fairly easy to flow money and get those things started right away.

I'll just give you one example. I live in the Picton area, where they're struggling to build a waste water treatment plant and are going through a P3 decision, because they can't get the money any other way. They get grants, but there's not enough to cover that kind of thing. We heard this morning that David Miller has a huge transit plan for Toronto, and they're ready to go. What a fabulous way to create construction jobs, create the spinoff jobs that go with that, and then we're left with some really good infrastructure that's going to improve our communities for years to come.

I don't know if you want to add anything.

**Ms. Sheila Block:** Did you have more specific questions you wanted to ask about that?

**Mr. Wayne Arthurs:** Maybe around the camera-ready projects and how you see them benefiting par-

ticularly the membership that you represent in being able to flow dollars quickly into the system.

**Ms. Sheila Block:** My understanding is that the Federation of Canadian Municipalities has, actually, a list of projects that are ready to go. I think we've all heard Mayor Miller on the radio, talking about the projects that they have ready to go as well.

I think timing issues are very important in these times. We do need to move faster projects out, as well as get the other ones in the lineup moved through if the downturn lasts as long as expected. I live in Toronto; I'm sure other mayors in other areas are also on their local radio programs, talking about what areas are ready.

My understanding is that retrofit programs are actually easier to flow out, and that was one of our focuses in terms of timing, of having those in those sectors—in the MUSH sector, we thought, would be appropriate. My understanding is that in housing construction as well, there is enough of a backlog of projects in affordable housing and that those could move out fairly quickly.

**Mr. Wayne Arthurs:** Energy retrofit? Is that the energy and conservation retrofit project?

**Ms. Sheila Block:** Yes.

**The Chair (Mr. Pat Hoy):** Thank you for your submission.

#### CANADIAN RESTAURANT AND FOODSERVICES ASSOCIATION

**The Chair (Mr. Pat Hoy):** Now I call on the Canadian Restaurant and Foodservices Association to come forward, please.

Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our recording Hansard.

**Ms. Stephanie Jones:** Okay. Stephanie Jones, vice-president of Ontario for the Canadian Restaurant and Foodservices Association. Good morning.

CRFA is one of the largest hospitality industry associations in the country, with over 34,000 members, including over 10,000 here in Ontario. Our members include restaurants, bars, cafeterias and institutional food service operators. Thank you very much for providing me with the opportunity to be here this morning.

Ontario's \$22-billion restaurant industry has the potential to be an economic leader, creating more jobs, more investment and more dining destinations. With 34,000 locations across Ontario and a workforce of over 400,000 employees, the industry is uniquely positioned to contribute to the economy of every community in Ontario.

Over the past several years, restaurant and food service operators have faced serious challenges, from a dramatic decline in travel and tourism to the soaring costs of doing business. Increased costs include the rising costs of labour, food and beverages, utilities and insurance. In addition, the food service industry faces the constant threat of new regulations and tax increases. The intro-

duction of the City of Toronto Act, as one example, leaves the industry particularly vulnerable to the city's ability to levy fees and taxes in areas such as beverage alcohol and in-store packaging. Any fees introduced by the city of Toronto leave Toronto's restaurants and bars at a distinct competitive disadvantage in their own province.

The food service industry is particularly sensitive to increased taxation due to the close relationship between disposable income and food service spending. As disposable income rises, food service sales increase. For every 1% increase in disposable income, the industry experiences a 1% increase in food service sales, and for every additional \$1 million in sales, 34 jobs are created in the industry.

Tax increases that reduce consumers' disposable income or increase the cost of doing business also compromise the industry's ability to create jobs. Since 2000, the number of restaurants, caterers and bars in Ontario has declined by more than 400 units. Although Ontario boasts the second-highest per capita disposable income in Canada, the province has the third-lowest number of food service units per capita. If Ontario was at the national average, it would mean 2,300 more units and the creation of 32,000 additional jobs in Ontario.

#### 0940

Every tax increase, regardless of how small it is perceived to be, has a serious impact on how small business, with already very low profit margins, operates in Ontario. Average pre-tax profit margins for food service operators in Ontario have fallen to the lowest in the country and now represent only 2.9% of operating revenue. Ontario bars struggle with pre-tax profit margins, yet lower again at only 1% of operating revenue.

Since 2000, Ontario's real food service sales have increased just slightly at 0.4%, in stark contrast to the 9.7% increase in the rest of Canada. It is critical that the Ontario government seize the opportunity to improve the economic climate for Ontario's restaurant and food service businesses in this budget.

CRFA has a number of specific recommendations I'd like to talk to you about today.

First of all, CRFA supports the government's position not to harmonize GST and PST. Harmonization would shift the retail tax burden from business to consumers, forcing a broadening of the tax base or an increase in the rate to compensate for the revenue loss from the removal of the retail sales tax on businesses.

In Ontario, the government is aware that harmonization would eliminate the \$4-threshold exemption for meals purchased at restaurants and would have a disproportionate impact on seniors and low-income Ontarians. If the GST is harmonized with provincial sales taxes, restaurant patrons will be left holding the bill.

By zero-rating food sold in grocery or convenience stores, such as a 250-millilitre carton of milk, but taxing similar and identical products in a restaurant or cafeteria, the GST puts the food service industry at a unique, competitive disadvantage.



A harmonized tax would exacerbate the discriminatory application of the GST on food. In addition, the \$4-threshold exemption for meals purchased in restaurants has not increased in line with basic inflation and menu advancements or minimum wage. While food costs increase, the amount available to consumers exempt from PST has not increased.

Therefore, CRFA recommends that the PST tax exemption on foods be increased to include restaurant foods under \$8.

With over 400,000 employees, food service is one of the largest private sector employers in Ontario. The March 2007 decision to increase Ontario's general minimum wage rate at 28% will cost Ontario's food service industry \$765 million in higher wages and payroll taxes. The impact is being felt through lower profit margins, and this is leading to a year-to-date decline in employment of 1.1%, as compared to gains overall in Ontario.

Nearly 31 cents of every dollar spent in a restaurant goes directly into payroll costs. These businesses do not have the financial flexibility to absorb large minimum-wage hikes and they have little choice but to cut hours and jobs. This reduces entry-level employment opportunities and valuable stepping stones for young people.

CRFA recommends that the Ontario government, in conjunction with an industry committee, monitor the ongoing economic impacts of its decision to increase minimum wage and consider slowing down the pace of increases based on economic indicators in 2009. In addition, CRFA recommends that the liquor server and student wage differentials be held at 2008 levels in 2009.

Next, I'd like to bring the review being undertaken of Ontario's Waste Diversion Act and blue box program plan to your attention. Meaningful and measurable standards designed to protect the environment are crucial. The restaurant and food service industry has identified this as a priority, along with other levels of government. The industry fully participates in the Ontario government's waste diversion program government by Stewardship Ontario today.

Many challenges are on the horizon for the industry, such as moving from a cost-sharing model to one that would have industry pay 100% of waste diversion costs. This will substantially increase the cost of doing business in Ontario at a time when businesses are struggling to compete. In these economic times, it is critical that any new government regulations encourage and support business investment in Ontario and not impede them.

CRFA, therefore, recommends that the Ontario government renew the 50-50 cost-sharing arrangement currently in place between industry and municipalities which will promote public and private partnerships to meet recycling goals.

CRFA also recommends the removal of the environmental levy on non-refillable wine and spirit containers, since these containers are now subject to Ontario's deposit return program. The bar and restaurant industry is the single-largest customer of the LCBO and The Beer Store and provides substantial economic spin-

offs in the service of these beverages to their customers, yet liquor licensees have been denied wholesale pricing and pay hefty taxes and levies that further drive up their costs. Bar and restaurant operators pay as much as or more for their liquor inventories than consumers pay at their local beer or LCBO outlet. CRFA recommends that Ontario's bars and restaurants receive a true wholesale price in Ontario, similar to the 11.5% discount that is given to LCBO agency stores. The Ontario government continues to collect an environmental levy of nearly 9 cents for every non-refillable container, on top of the deposits paid on wine and spirits containers under the deposit return system. It must be eliminated.

In summary, the past few years have been difficult ones for the food service industry in Ontario. Sales and profitability lag well behind other provinces. The causes are varied, but the net effect is a fragile industry supporting a huge number of important jobs. Immediate action should be taken to improve the business environment by reviewing the province's decision to increase the minimum wage in March 2009, eliminating the possibility of new tax burdens by municipalities, and alleviating the threat of 100% industry funding of waste diversion through the province's review of the Waste Diversion Act.

Thank you for providing me with the opportunity to speak on some of our key issues. A full submission will be made to the committee as part of the pre-budget submission process.

If you have any questions, I'd be happy to answer them.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning goes to the official opposition. Mr. Hudak.

**Mr. Tim Hudak:** I'm going to split my time with my colleague Mr. Arnott.

Ms. Jones, it's great to see you again. An outstanding presentation—a lot of topics to cover.

I'm going to start with the minimum wage and the student and liquor server issues. Can you explain why that is important in terms of the impact on jobs, given the state of the economy we anticipate in 2009?

**Ms. Stephanie Jones:** Absolutely. There are a few things that happen.

First of all, I should let everybody know that minimum wage workers account for about 25% of food service workers in Ontario. Of those earning minimum wage, 80% of them are under the age of 25; 63% are students; and 78% work part-time.

When we increase minimum wage, we end up increasing the entire wages of a restaurant operation, because the wage differential between those earning minimum wage and those with X number of years of experience must also be accommodated. So if we are increasing the minimum wage of liquor servers who are tipped—and the vast majority of their income comes from gratuities—then those at the back of the house, like our dishwashers and our chefs, also expect an incremental increase in their wages. The inflationary impact in a restaurant operation goes far beyond the impact on that one person at the front of the house.

With the student differential, that is used largely as a training wage for our operators in Ontario.

What's happening is that people are eliminating opportunities for new positions. So whether that means not having a host at the front of the restaurant for both lunch and dinner, as an example—there just isn't a host. That shift is no longer offered. So the hours are cut back, and we are starting to see that in terms of a drop in overall employment numbers in Ontario. The two major drops, obviously, are manufacturing and automotive. We've heard a lot about that in the press, but we don't hear as much about the restaurant and food service industry.

**The Chair (Mr. Pat Hoy):** Mr. Arnott.

**Mr. Ted Arnott:** Thank you for your presentation this morning.

I wanted to ask you about the PST exemption that you referenced in your presentation. For many, many years, there has been a PST exemption on meals sold in a restaurant with a value less than \$4, as you pointed out. You recommend that it be bumped up to \$8. Do you know how many years it has been since that \$4 figure was set? I think it has been at least 12 years.

**Ms. Stephanie Jones:** It was set with the introduction of the GST.

**Mr. Ted Arnott:** So it's time that that's reviewed?

**Ms. Stephanie Jones:** Absolutely.

**Mr. Ted Arnott:** Would you anticipate and expect that if the threshold was set at \$8, there would be a substantial increase in traffic to most restaurants and a commensurate increase in jobs?

**Ms. Stephanie Jones:** Yes, absolutely.

**Mr. Ted Arnott:** Are there any numbers you want to offer us or any projections or expectations?

**Ms. Stephanie Jones:** I don't have any numbers today; we're working on that right now. But the 1% increase in disposable income does lead directly to a 1% increase in restaurant and food service sales. When the GST was introduced to the restaurant industry, we saw a substantial reduction in food service sales, and we're just coming out of that.

Why I don't have the numbers in front of me is because we're still trying to figure out how many meals would fall under the \$8 threshold against under the \$4 threshold, because in our industry the average bill is under \$4. We're trying to sort through that in time for our full budget submission.

**Mr. Ted Arnott:** Thank you.

**The Chair (Mr. Pat Hoy):** Mr. Hudak.

**Mr. Tim Hudak:** You mentioned the environmental levy at the LCBO, which I think is probably just a markup. Can you tell me what environmental programs that money goes to? Do you know how much revenue comes in from it or how much your members pay?

**Ms. Stephanie Jones:** The beverage alcohol review that the Liberal government undertook in its first term did identify specifically that the environmental levy did not go to environmental programs directly—it was not earmarked—so that's a significant issue.

**Mr. Tim Hudak:** Do you know how much it is or how much your members pay into it, approximately?

**Ms. Stephanie Jones:** Again, we're sorting through that number for you.

**Mr. Tim Hudak:** The last thing you want to do in this economic climate—we had some very sobering news this morning from Scotia Capital—is put new taxes and fees on the hospitality sector. You mentioned the 100% cost of the blue box. Exactly when would the full 100% hit happen, and how much would the cost be to the sector?

**Ms. Stephanie Jones:** The minister is currently undertaking his review; the submissions are due January 15. We are not sure what the timing of any changes will be, at this stage of the game, but we are talking about easily doubling the cost to our industry.

Currently, the blue box is almost \$70 million collected from industry paid to municipalities. So if we're talking about the blue box alone, if it goes from 50% to 100%, you're talking about at least doubling those costs. However, the 50-50 cost-sharing arrangement does assist us—when I say “us,” I mean all Ontarians—in ensuring that municipal costs for waste diversion are kept in check and are put in place against some benchmarks.

When you are sharing control over something, you are also sharing the costs of something. You have accountability for those costs. As soon as it goes to 100%, we're going to see that accountability and that relationship change significantly. We're talking about at least doubling the cost. But in addition, the review is contemplating new targets, which could increase costs again, and new materials, which would increase costs again. This is a substantial threat to businesses doing business or planning to make investments in Ontario.

**Mr. Tim Hudak:** Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

We shall recess until our next presenter appears.

*The committee recessed from 0954 to 1001.*

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will come to order once again.

## UNITED STEELWORKERS, DISTRICT 6— ONTARIO AND ATLANTIC CANADA

**The Chair (Mr. Pat Hoy):** I believe we have our next presenter, the United Steelworkers, District 6—Ontario and Atlantic Canada.

Good morning. You have 10 minutes for your presentation. There may be five minutes of questioning. I would ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Erin Weir:** Certainly. I'm Erin Weir from the United Steelworkers' national office. I'm here on behalf of Wayne Fraser, the director of district 6, which includes Ontario and the Atlantic provinces. Thanks very much for having me here today. I really appreciate the opportunity to contribute to these pre-budget hearings.



I think it's fair to say that budget 2009 will be an extremely important budget. It will be the province's response to the economic crisis. I understand that this committee recently heard from Hugh Mackenzie, who made the argument that Ontario needs to continue investing in public services and infrastructure even if that entails temporarily running a deficit. Cutbacks to balance the budget in the midst of a recession would be absolutely the wrong approach, as we saw in the federal economic statement. So without repeating Mr. Mackenzie's remarks, I would very much like to second the thrust of those remarks. Beyond that, I'll focus on two issues. The first is a provincial response to the manufacturing crisis, and the second is the employment insurance system.

I'm sure you have already heard from representatives of my union and others about the importance of manufacturing jobs and the gravity of the manufacturing crisis, so I won't go through all of that material. What I would like to speak about a bit is how this crisis has become an Ontario problem. I think the conventional view of the manufacturing crisis is that a number of global factors—exchange rates, international trade, and now the credit crisis—have undermined Canadian manufacturing, and that Ontario has suffered collateral damage from that as the heartland of Canadian manufacturing. So really it's been a matter of Ontario being caught up in a pan-Canadian problem. Indeed, initially, when I first started looking at the manufacturing crisis, the situation was that Quebec had lost proportionally more manufacturing jobs than Ontario had. But this has changed, and now the manufacturing crisis has developed into something that almost exclusively afflicts Ontario.

I would draw your attention to the table on the first page of my supporting documents, which shows manufacturing job losses since Canadian manufacturing employment peaked in November 2002. What you see in this table is that during the first three years of the crisis, Ontario and Quebec lost about the same number of manufacturing jobs. But since Ontario's manufacturing sector was about twice the size of Quebec's, proportionally Ontario lost half as much manufacturing employment.

During the next two years of the crisis, Ontario and Quebec lost about the same proportion of manufacturing jobs. Last year, strikingly, Quebec regained some manufacturing employment, but Ontario lost manufacturing jobs at an even faster rate. Now we've reached a point where, since the year 2002, Ontario has lost more than one in every five of the manufacturing jobs it had in that year. In fact, we're almost up to one in four manufacturing jobs gone. That's certainly more than the also devastating one in six manufacturing jobs that Quebec has lost during this same period of time. And it really stands out by comparison to Manitoba, which has experienced some fluctuation in its manufacturing employment but essentially no losses over this period of time.

I would submit to this committee that it's not simply a matter of Ontario having been caught up in a pan-Canadian crisis, but that we're witnessing a problem that

is somewhat particular to Ontario. I think, for that reason, there is a pressing need for a policy response to the manufacturing crisis at the provincial level.

The last Ontario budget came up somewhat short in this regard. It welcomed the recommendations of the Ramsay report on Ontario manufacturing, but then asked the federal government to implement those recommendations. This was somewhat disappointing, since the provincial government has access to many, if not most, of the same policy tools as the federal government.

Specifically, the last Ontario budget called upon the federal government to extend the accelerated capital cost allowance for manufacturers through 2014, and also to extend the Atlantic investment tax credit from the Atlantic provinces to Ontario. I have no particular objection to either of those proposals, but I would simply note that there is nothing stopping the provincial government itself from enacting these types of targeted tax measures to support investment in manufacturing.

Indeed, if we look again at Ontario's neighbouring provinces, we see that both Quebec and Manitoba have in fact enacted refundable investment tax credits for the manufacturing sector. Certainly, I would encourage the government of Ontario to enact a measure along those lines in the 2009 provincial budget.

I'd like to shift gears for a moment to speak about a federal program on which I think the government of Ontario could quite usefully push for reform. I'm prepared to recognize that, regardless of the economic policies of the Ontario government, or even the federal government, for that matter, the economy is very likely to get much worse before it gets better. We saw some fairly startling evidence of that in Ontario recently: Between the months of October and November, the Ontario unemployment rate shot up from 6.5% to 7.1%. That corresponded to 37,000 more Ontarians being officially categorized as unemployed in just one month. That pushed the total number of unemployed Ontarians up over half a million.

The employment insurance system has the potential to replace much of the income lost by these individuals who have become jobless, and it also has the potential to stabilize the wider economy by allowing these individuals to continue spending money, to continue contributing to their communities. Unfortunately, though, fewer than 40% of unemployed Canadians qualify for employment insurance. That percentage is lower in most regions of Ontario, and it's as low as only 20% in the greater Toronto area. Even if unemployed workers are eligible for employment insurance, they first need to exhaust whatever severance pay they have before receiving benefits. In any case, they need to wait two weeks before receiving benefits. Those benefits are equivalent to, at most, only 55% of their previous employment earnings, and those benefits are available for only a relatively short period of time, depending on where the person lives.

Our union is calling—and in the supporting materials, you've got a leaflet that we've put out proposing that we need to make it much easier to qualify for employment insurance. We need to stop deducting severance pay from

employment insurance benefits. We need to eliminate the two-week waiting period. We need to increase benefits as a proportion of employment earnings. And we need to lengthen the period of time for which those benefits are available.

The kind of standard critique of the types of measures we're proposing is of course that it will lead to abuse of the system, that people will choose to stay on employment insurance rather than taking available jobs. I believe that this concern has always been overstated, but certainly it's irrelevant at a time where jobs are disappearing and the number of workers exceeds the number of available jobs. I would submit to this committee that in the current economic climate we need to worry less about providing incentives to push people into the labour market to compete for the limited number of available jobs and we need to worry much more about helping unemployed people continue to live with dignity and stabilizing our overall economy by providing benefits when they're most needed.

1010

Thanks very much for your time. I look forward to your questions.

**The Chair (Mr. Pat Hoy):** This round of questioning goes to the NDP. Mr. Prue.

**Mr. Michael Prue:** Thank you. I'm looking at your statistics here. In your view, why is Ontario bleeding the jobs faster than other provinces? For our part, in the NDP, we suggest part of it—Manitoba has a manufacturers' tax credit; Quebec and Manitoba both have lower industrial hydro rates. What is your suggestion? Why is Ontario getting the brunt of the job loss?

**Mr. Erin Weir:** Your question contains part of the answer that I would provide, which is that Quebec and Manitoba have in fact undertaken a number of the proactive policies that I've proposed. As I mentioned, they've both enacted refundable investment tax credits. As you mentioned, they both have public hydroelectric systems that provide much more affordable electricity to manufacturers, and to residential consumers, for that matter. Specifically in the case of Quebec, I note that in investing in renewable electricity, it has also enacted procurement standards that require that a certain amount of that material be produced in the province of Quebec.

So I think policy differences are part of it. I wouldn't be so bold as to claim that differences in provincial policy are the whole story. Certainly manufacturing encompasses a wide range of different industries. Quebec's manufacturing sector is much more dominated by forestry: sawmills, pulp mills, that sort of thing, which had been in crisis for some time. Ontario manufacturing is a bit more dominated by the automobile sector, which is encountering a particularly severe crisis right now. So there's a variety of factors that play, but I think there's no question that the policy differences are an important part of the story.

**Mr. Michael Prue:** In terms of the employment insurance, Ontario has often said, and I think all three parties have agreed, that the employment insurance

eligibility in Ontario is onerous, it's difficult in comparison. If you're unemployed in the Maritimes, in Quebec or other places, you're much more likely to get the employment insurance than the same unemployed person in Ontario. What needs to change? Do we need a universal, Canada-wide policy?

**Mr. Erin Weir:** Certainly what the labour movement would like to see are overall improvements to the employment insurance system everywhere in the country, but that result in unemployed workers in all parts of the country being on the same footing. So we would certainly go beyond a kind of Ontario's fair-share approach of saying that Ontario needs only the same treatment as some other provinces have right now. We would say that the entire system needs to be improved across the board, but that in doing that, Ontario needs to be brought up to a higher national standard.

**Mr. Michael Prue:** You've got some stats here, and I'm just sort of curious. Quebec, I understand, has a buy-Quebec policy. I'm not sure whether Manitoba has the same thing. But both of them seem to have—Manitoba in 2005-07 created a great number of jobs: 6,000. It's a much smaller workforce. Quebec was able to create some 24,000 jobs in 2007-08. Did that have anything to do with their respective buy-provincial policies? I'm just trying to get a handle on this.

**Mr. Erin Weir:** Again, it's always difficult to take X number of jobs and definitively attribute it to a given policy. But, as you say, in doing its recent request for new wind farms, Quebec did put a requirement that a large percentage of the economic activity associated with the winning bid had to take place within the province of Quebec. There's no question that that has contributed to manufacturing in Quebec. I think that building a greener economy is going to create new industrial opportunities, everything from manufacturing more energy-efficient appliances to manufacturing windmills. It's certainly possible for those industries to be established in Ontario, but there's no guarantee that they'll be established here.

As you suggest, and as I've suggested, I think it's very important for the government of Ontario to undertake proactive policies to ensure that that manufacturing activity is located here. One way of doing that, certainly, is through procurement standards attached to investment in renewable electricity.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Erin Weir:** Thanks.

**The Chair (Mr. Pat Hoy):** I remind the committee that we are starting at 2:15 this afternoon. We will recess until then.

*The committee recessed from 1016 to 1416.*

GS1 CANADA

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. Our first presentation this afternoon is by GS1. Come forward, please. Any chair at all will do. You have



10 minutes for your presentation; there may be up to five minutes of questioning following that. I'd just ask you to identify yourself for the purposes of our recording Hansard.

**Ms. Lori Turik:** Lori Turik. I'm with GS1 Canada.

Given our current economic climate, I believe it's time to be bold, so I'm going to put my cards on the table for the committee. I'm asking you to support \$10 million for a global supply chain initiative in Ontario. I believe that I can make a compelling case and justify the ask, demonstrating this value proposition and the compelling return on investment that you will achieve. Global supply chain standards will save lives, create cost savings for health care and business, enhance businesses' competitive interests and contribute to protecting our environment.

Mr. Chair and members of the committee, thank you for the opportunity to present today.

The global economic uncertainty requires governments to focus on initiatives that we know reduce our costs and increase productivity, innovation and competitiveness. Investments in technology and electronic business are critical to our economic success, and in this regard, Canada is losing ground to other countries.

The Conference Board of Canada noted that our economic performance is deteriorating, due in large part to our low productivity level and poor performance in innovation, relative to other countries. In addition, our Canadian small and medium-sized businesses, the backbone of this Ontario economy, are at risk of falling even further behind their international counterparts if they do not receive the support from government that they require to enable their transition to electronic business communication.

Therefore, government support for initiatives to stimulate productivity and innovation is a key factor in making Ontario's economy more robust. Even small countries like Korea, Germany, Japan and New Zealand are investing in electronic business communications processes, and we know that Ontario must do the same or be left behind.

Who is GS1 Canada? GS1 Canada is a neutral, not-for-profit association that develops global supply chain standards which are used by over one million companies worldwide. We represent 25,000 Canadian businesses of all sizes in over 20 sectors. We're best known for the bar code. You would be familiar with this in your personal experiences of shopping at grocery stores or pharmacies.

What does GS1 Canada do? We contribute to the development of these global supply chain standards for Canadian business. We facilitate their implementation to increase efficiency, productivity and market access for small business and businesses throughout Canada. We provide education and implementation support to enable them to benefit from enhanced supply chain efficiencies to ensure that they remain competitive.

Why does this matter? The Supply Chain and Logistics Association Canada and the Canadian Manufacturers and Exporters found that logistics and supply chain costs in Canada increased by 3% between 2005 and 2007, and this number is higher in many sectors. Adoption of global

supply chain standards provides significant cost savings to Ontario businesses. Global standards are necessary to enable electronic business communications. A.T. Kearney estimates US retailers have saved approximately \$1 million for every \$1 billion in sales while manufacturers have realized savings of approximately \$1.2 million for every \$1 billion in sales as a result of this process.

Global standards, and bar-coding in particular, can provide cost savings for the Ontario government. The potential value of supply chain management improvements in Ontario's hospital sector alone has been estimated by the Ontario Hospital Association at over \$300 million.

Beyond dollars and cents, global standards save lives. A simple bar code on a patient's wristband will improve patient safety by reducing the risk of medication errors by facilitating the match of medication with the patient. They also reduce wasteful administrative time for health professionals. These savings can be redirected into patient care.

Global standards will enhance Ontario's economy by helping business meet regulatory requirements, such as those established through the Bioterrorism Act, enabling businesses to differentiate their products as made in Ontario, giving them a competitive advantage and helping businesses gain exposure and market access for their products in Canada and throughout the world.

There will be significant cost savings: saving time through electronic ordering, eliminating paper errors, such as those found in 60% of invoices today, and reductions in inventory-carrying costs. It increases efficient shipping and transport, resulting in less waste and impact on our environment, and it enables product differentiation to ensure only affected products are withdrawn in the case of a recall and good products are not destroyed.

There will be increases in public safety by ensuring the right medication goes to the right patient, helping retailers get recalled products off their shelves much more quickly to avoid illness and death, helping restaurants to provide accurate nutrient and/or allergen information to customers, and contributing to the elimination of counterfeit products in our system.

There are two specific examples I'd like to speak about today. Global standards can improve our health system, saving money and lives and, as I've referenced, \$300 million in our hospitals alone. Efficiencies gained through effective supply chain management in our health system can be reinvested into priority programs; this has already been achieved in the UK. We encourage the Ontario government to set aside funding to create the infrastructure necessary to support implementation.

With respect to patient safety and health care human resources productivity, we have a nursing shortage. The government must support efforts to eliminate the wasteful administrative burden for our health care professionals. In Topeka VA Medical Center in the US, by implementing bar-coding, they were able to reduce medication error rates by over 86%. Global standards also reduce the frequency of counterfeits, and the US-

based Center for Medicine in the Public Interest predicts that counterfeit drug sales will reach US\$75 billion globally by 2010. It's an increase of more than 90% since 2005 and a very dangerous statistic.

GS1 Canada, with the leadership and support of the Ontario government, is currently spearheading the Canadian health care supply chain standards project. This project establishes a framework that will ensure Ontario's health care system is a Canadian leader in supply chain efficiency, and we encourage the government to continue to invest in this very important initiative. We believe that this project should become one of the top five priorities for health care in Ontario and Canada.

In the current economy, Ontario businesses are doing everything in their power to tighten their belts. The retail business sector has achieved operational savings through these initiatives in a range of 15% to 30%. The Ontario government must get behind these initiatives. We require government funding. Most small businesses cannot make this transition without their support.

The Canadian economy is reliant on the consistent flow of exports and imports across our borders: \$1.9 billion of goods and services. Border delays are costing our countries more than \$13 billion a year.

GS1 Canada has been asked by industry to enable an initiative that will achieve significant savings for transportation and business sectors alike. Transport fleets are driving empty approximately 50% of the time. Trucks are using our transport corridors inefficiently, resulting in lost productivity, increasing operating costs, lineups at our borders and negative environmental impact.

An empty-miles initiative addresses these industry concerns. Through a standards-based resource that enables companies to communicate and coordinate backhaul opportunities, rarely will these trucks travel empty.

This project supports the Ontario and Quebec corridor initiative and the government's priority to thin the border and protect our environment. The US is already engaged in this initiative, and we cannot afford to fall behind.

In conclusion, industry is doing all that it can, but government leadership and funding is critical. The Canadian e-business initiative found that electronic business is a key enabler for productivity, growth, increasing profit and decreasing costs for Canadian firms. It is essential that government support the efforts of health care and businesses to save money, and seed them for the future by investing in and advancing global supply chain standards.

With that, I would ask that you set aside \$10 million for projects that will support the development and implementation of global supply chain standards and their application in our health care system in Ontario, transportation sectors and other sectors as these come along.

Thank you again for the opportunity to present today. I would be pleased to respond to your questions.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning will go to the government.

**Mr. Wayne Arthurs:** Thank you, Lori, for being here this afternoon. It's probably the first presentation we've

had in which someone came in and put a specific number on the table right up front as a starting point.

Have you been speaking or meeting at all with any of the government ministries, government services, who have a big part to play, obviously, in OntarioBuys and some of the supply chain stuff? I noted on page 4 of your presentation the reference to OntarioBuys initiatives and some of the work you're doing there. So I presume—would it be government services or other ministries that you have been working with—

**Ms. Lori Turik:** We're working with the Ministry of Finance on the OntarioBuys initiative. We've worked with the Ministry of Economic Development and Trade, and the Ministry of Small Business on a previous initiative to enhance education for our small and medium-sized businesses. We are continuing to work with other government agencies and organizations as they see appropriate.

**Mr. Wayne Arthurs:** Is GS1 similar—not in content; but I'm trying to get a better handle on it, for my own purposes—to an ISO-type strategy, where you're setting global standards for supply chain management? Is that kind of the—

**Ms. Lori Turik:** Yes. We establish them for global supply chain management so that you can track and trace products anywhere in the world. Through the barcode, for example, you can identify the actual company and the location of the product in the supply chain, and it creates efficiencies, as you can appreciate, for ordering and managing of that product in the supply chain for inventory control and transportation.

**Mr. Wayne Arthurs:** Okay. You mentioned specifically, or more specifically, quite a bit on the health care front and some transportation-related activity. If the \$10 million were available, what would you see as priority projects, initiatives, development of—

**Ms. Lori Turik:** The first would be to continue to support the OntarioBuys initiative and roll that out as expediently as you can. The cost savings are estimated by the Ontario Hospital Association, for hospitals alone, at over \$300 million.

I believe that your own ministry is quite aware of this, and with additional supports and resources, would be in a position to be able to expedite that, with the support of the health care sector.

**Mr. Wayne Arthurs:** As you know, some of the hospital sector, in meeting with some of the folks that I deal with on or off, were very excited some time ago. We chatted about OntarioBuys and their integration in that process. A lot of back-office, back-channel activity going on, to try to be more efficient and effective in their purchasing strategies.

**Ms. Lori Turik:** Correct, and also for managing their products, so it's not just a matter of efficiency in terms of inventory management, but also managing the product within the hospital environment, linking that product with the patient so that you can achieve savings and also improve patient safety.

**Mr. Wayne Arthurs:** Thank you so much.



**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

1430

#### FEDERATION OF RENTAL-HOUSING PROVIDERS OF ONTARIO

**The Chair (Mr. Pat Hoy):** Now I call on the Federation of Rental-housing Providers of Ontario to come forward, please.

Good afternoon. You have 10 minutes for your presentation. There might be up to five minutes of questioning. I'd just ask you to identify yourselves for the purposes of our recording Hansard.

**Mr. David Horwood:** Good afternoon. My name is David Horwood. I'm the chair of FRPO, the Federation of Rental-housing Providers of Ontario. I also represent the Effort Trust Company, one of the largest providers of rental housing in the Hamilton, Niagara and Kitchener-Waterloo regions.

I'm here today with Mike Chopowick, FRPO's manager of policy, and Vince Brescia, our president and CEO.

I'd like to begin by commending the province for its commitment to reducing child poverty in Ontario by 25% in five years. I am here today to speak to an important and well-thought-out proposal that the government should adopt to ensure it meets those targets: a housing benefit for Ontario.

One of the most serious symptoms of poverty is the high relative burden of shelter costs for low-income households. In Ontario, there are over 100,000 working poor households paying more than 50% of their income on housing. Housing affordability problems create costs for society, for governments and for landlords.

For society, they mean that many of our most vulnerable households are excluded from participating fully in society and from contributing. Others do not meet their full potential, which hurts us all in the long run.

For the government, there are huge costs incurred by provincial and local governments dealing with people who experience housing problems or lose their housing because they can no longer afford it. These costs show up in our health care system, in our policing and corrections systems and in our own shelter system. All these costs are much higher than the cost of helping people afford decent housing.

The level of rents in Ontario is not the problem. In real terms, inflation-adjusted average two-bedroom rents have fallen by over 5% from 2002 to 2007. Internationally speaking, Ontario has very low rents.

Housing affordability problems have little to do with affordable housing supply either. Most households with affordability problems already live in suitable or adequate housing which is low-cost, but they have such low incomes that they have trouble paying for even very low cost shelter.

To provide a real and cost-effective solution for housing affordability problems, FRPO, along with a coalition

of industry and community organizations, has submitted a proposal to the government of Ontario to implement a new housing benefit. The new benefit will help low-income working-age renters with high shelter-to-income burdens in communities across the province.

The proposal would add a much-needed affordable housing component to Ontario's poverty reduction strategy. It is a carefully targeted, fiscally conservative proposal—the right step to help low-income renters make ends meet.

We are an organization representing landlords, and our members serve many lower-income households. We know how housing markets work. We know, for example, that the cost of housing is much higher in larger urban centres, yet existing programs that assist people with housing costs make no adjustment for the wide range of rents found across Ontario.

The current design of the shelter component of Ontario Works and ODSP, for example, is inefficient in getting assistance to where it is needed the most. Paying for the cost of housing up to a single province-wide maximum rent level means that households in large cities, where rents are higher, receive inadequate benefits. Benefits under this program are also removed when a recipient enters the labour market, thereby creating a disincentive to work.

**Mr. Mike Chopowick:** I'd like to speak briefly about what this proposed new housing benefit would accomplish and why it makes sense for the government to implement this idea at this time.

The new benefit would do the following:

- It will increase housing affordability for many households;

- It extends assistance to the working poor, who currently are not eligible for such assistance;

- It removes a major barrier to getting off welfare by making assistance available to those trying to leave;

- Its design recognizes that housing costs vary across the province, which current benefits do not;

- It will reduce food bank dependency; and

- It is a better-designed benefit than the current shelter allowance in social assistance and a better foundation to build on in the future.

The proposed new benefit would help many households in dealing with poverty. At the same time, it would provide immediate economic stimulus to our economy at a time when we need it. Providing this much-needed assistance will free up household budgets, which are currently dedicated mostly to shelter costs, and allow those households to afford other basic necessities.

In the long run, the proposed benefit will probably provide cost savings to the province. It will do this in two ways:

First, it will reduce one major barrier to getting off welfare. Because housing benefits will now be available off welfare, many households that would not consider leaving the system will have an opportunity to do so. This will provide significant savings to the province.

Second, this new benefit can ultimately replace the current social assistance benefit. The social assistance benefit is not a great design for a housing allowance. It provides up to 100% of shelter costs, up to a maximum, which is a design that can cause inflation in rental markets in certain market niches. Our proposed benefit introduces a contribution rate which has been proven in a number of studies to be non-inflationary in design. Therefore, this design change will save the province funds going forward.

Our coalition developed an initial cost estimate for the program of about \$240 million. However, this conservative estimate does not account for the two types of savings I have just described. It may be that in the long run the program actually delivers savings for the province while providing a better and more stable social safety net for Ontario's most vulnerable households.

Thank you for the opportunity to speak on this matter today.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning will go to the official opposition.

**Mr. Tim Hudak:** Gentlemen, thanks very much. Mr. Brescia, Mr. Chopowick, Mr. Horwood, you provide rental housing in the Hamilton area. Do you live in the Hamilton area?

**Mr. David Horwood:** I do.

**Mr. Tim Hudak:** Are you a resident of Niagara West—Glanbrook, by any chance? That's the way I ask you questions.

**Mr. David Horwood:** Sorry, I am not.

**Mr. Tim Hudak:** Listen, I really appreciate the effort that FRPO has put into this, a very sensible, well-thought-out proposal. It does address the issue that you mentioned, about folks who are on welfare and who have a high effective marginal tax rate when they try to leave the system. I'm not sure—I was reading through and following along—if I understood all the details. You have some charts; I'll look at this later on. But how would you determine the level of support that an individual would receive?

**Mr. Vince Brescia:** I can answer that. It's dependent on the level of their income and their housing costs and the size of the household. Those are three of the factors that go into determining—so it would vary. If you've got a very low shelter burden, it doesn't cost the government a lot. It's designed to help people who have higher housing costs. Obviously, there are maximums set in so the benefits don't increase when you go above the maximum amount and there are minimums built in so that it meshes with the welfare system.

**Mr. Tim Hudak:** The application base, as opposed to doing it through the tax code?

**Mr. Vince Brescia:** We propose doing it through the tax system. We think it's a very efficient way to administer the program. It ensures that help goes out to everyone who needs it. You can make them application based; it has been done in other jurisdictions. We just propose the tax system because it—

**Mr. Tim Hudak:** You use a \$240 million figure. Those are the total costs if the savings from the current housing allowance are accounted for?

**Mr. Vince Brescia:** No, with no savings accounted for. That's just a raw estimate of pure cost. We actually think there will be quite a bit of savings in the long run from this new design being implemented.

**Mr. Tim Hudak:** What I find attractive is the portability. A view of our social housing system, to use a crass term—you tend to ghettoize people and communities, right, which can be a bit of a stigma if you live in certain neighbourhoods. I like the notion that people could shop around and find the most appropriate housing in whatever neighbourhood they chose, provided by private sector individuals. Is this part of your presentation as well, that you allow portability and choice?

**Mr. Vince Brescia:** Absolutely. It's a portable housing allowance. It gives the most autonomy to the household. The benefit goes directly to them. They choose where they want to live and the type of housing that they want to live in, with no one telling them where they have to live. It has better labour mobility characteristics, so if you have to move to find a new job at another place, you're not bound to a current housing unit. Your supports aren't tied to the housing unit you're in, so it's much better for the labour market in the long run.

**Mr. Tim Hudak:** Some will make the argument that the government needs to provide low-income housing because the private sector market is not capable of doing so. What are your comments on that?

**Mr. Vince Brescia:** Based on the market we've seen for the last five or six years, there's no evidence of that. There are huge amounts of affordable housing available out there. The highest vacancy rates we're experiencing as an industry are at the low end of the market. Availability rates are very high, and the people who need this assistance, according to all the data, already have suitable and adequate housing. All the data show that. They have the housing that they need; they're just having financial difficulty paying for it. That points to, really, the need to help them with the problem they have, which is an income-based problem, not a supply problem.

1440

Where you do need supply is, we've always said you need more special-needs housing built. There are certain types of housing that need to be built for people with special needs, and we really have a shortage of supply of that in society.

**Mr. Tim Hudak:** Have you seen other jurisdictions of comparable nature to Ontario that have adopted this sort of portable subsidy?

**Mr. Vince Brescia:** Quebec has adopted something very close to this model, and it's worked really well in Quebec. Two other provinces in Canada have these housing allowances. If you look around the world, Sweden, New Zealand, Australia, places like that, have a model that is similar to this. There's a variety of different types of housing allowances. Ours isn't like them all. Some people lump them all into one—try to assume that they're



all the same. Ours is like the ones from the countries I mentioned, and the provinces, which is a very efficient design and non-inflationary, unlike the current shelter allowance that we have in Ontario.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation

**Mr. Vince Brescia:** Thank you.

#### CANADIAN FEDERATION OF INDEPENDENT BUSINESS

**The Chair (Mr. Pat Hoy):** Now I call on the Canadian Federation of Independent Business to come forward, please. Good afternoon. You have up to 10 minutes for your presentation. If you would identify yourselves for our recording Hansard, and you can begin.

**Ms. Judith Andrew:** Good afternoon. I'm Judith Andrew, vice-president, Ontario, with the Canadian Federation of Independent Business. Joining me is Satinder Chera, CFIB's Ontario director. You have kits from us, and they're replete with information. We are going to speak to the slide deck that's in the kit.

Just a word about the title, No Time to Panic! Stick with Small Business. Here we're referring to the economic situation and the resiliency of small and medium-sized business.

Turning to the first chart, entitled Business Barometer Index, we do a quarterly business barometer, but in recent weeks we supplemented that analysis over a six-week period by taking the pulse weekly of our small business sector. The decline in optimism even in our sector is widespread and has touched manufacturing, construction and retail the most, and Ontario continues to lag the nation. Clearly, the events on financial markets and in other countries have now side-swiped the small and medium-sized business sector in Ontario.

In terms of business expectations and the 12-month outlook, our index is constructed from this question, so each business answers for itself: 56% of the respondents in Ontario expect their businesses to be the same or stronger, 19% expect to increase, and 18% expect to decrease their employment, which does imply a steady state employment situation from our sector at least. Typically, small and medium-sized businesses do hang on to their employees during difficult times for reasons of friendship, loyalty, and of course for maintaining qualified labour for future opportunity.

The small business priorities in Ontario are in the next slide, and if small and medium-sized firms are to remain that bedrock of stability that governments need in times such as this, governments also need to address their top issues. Each of these is detailed in an individual leaf in our brief, which is in the kit, and we commend those to your attention.

On our surveys, whether it's cross-section of membership surveys like this one, which is done face to face, or a special study we did in manufacturing—which is also in your kits—the top issue our members raise is taxes. Tax increases, of course, come as a particularly

devastating thing, and it was confidence-shattering for small businesses in the construction sector to know that the government recently passed WSIB mandatory coverage legislation, which is in fact a half-billion-dollar payroll tax grab.

The second-ranked issue from our members is regulation. Government's commitment seems very positive in terms of what's going on under the Open for Business banner. What spoils the picture here is that other tentacles of government are operating business as usual, ramping up regulations and responding to a myriad of calls for government to essentially fix every perceived problem that comes along. So we're seeing bureaucratic approaches on dealing with disabilities when there are far better approaches for our sector, of course, the creation of family day, another piece of legislation, apprenticeship training, waste diversion, even dealing with temporary employees. These heavy-handed regulations typically don't work in our sector, even though they're well-meaning; what they do is occasion other problems for the job-creating small and medium-sized business sector.

**Mr. Satinder Chera:** The next five slides speak to a survey that we conducted with our membership just last week and all of the discussions going on across the country regarding an economic stimulus package and whether to run a deficit or not. We wanted to go to our members to get their thoughts on what government should be doing. So, although this is directed at the federal government, it's very much relevant to all governments across the country.

The first slide, how governments should deal with balancing revenues and spending: Our members favour planning for a balanced budget, but allowing deficits if the economy performs worse than expected. Even under those conditions, they expect to see a very strict plan in place to get the province out of deficit if in fact that ends up being the case.

The next slide, principles on spending: Our members want government to do just as they do in tough times, which is to rein in spending. It's interesting to note that 24% favour increased spending. A recent manufacturing study we did also found that only one in five of our members thought that the best way to deal with troubled industries is to provide loans and grants to them directly. They favour going through the tax system instead.

The next slide, principles on tax policy: Fifty-four per cent of our members want to see the current tax plans kept in place. That would include the business education tax plan in the north and of course across the province, as well as phasing out the capital tax. Thirty-six per cent, one third, favour cutting taxes further, and that's understandable given that total tax burden is our members' top concern.

On the issue of how quickly governments should respond to a slowing economy, our members favour coordinating anything that we do with governments not only across Canada, but around the world. This should not be a knee-jerk reaction. That's the title of our presentation—not to panic. We should be taking our time and ensuring that we get the changes that we need right.

The next slide, the best way to help businesses hard hit by economic conditions: Again, as I mentioned, most of our members favour providing tax relief instead of providing loan guarantees to major industries. If in fact the government goes down that path, then our members want to see very strict conditions for repayment plans and so forth and some pretty tough conditions on any industry receiving taxpayer dollars.

I'm going to skip over the next slide, on competitive taxation. Judith will come back to that.

I'll take you to the next slide, which compares population growth. As we said to this committee last year, government spending continues to outstrip both inflation and population growth, and that's something that you need to get under control. One opportunity you'll have to do that, we think, is in the upcoming negotiations with the OPS and the broader public sector. It should be noted that in the study that we just put out—this is census data; this is from Statistics Canada—Ontario public sector workers earn, on average, 13% more than their private sector counterparts. This is for comparable occupations. So if the government is looking to save money, this is one area to do it—and to stop competing with small businesses that already have a problem with a shortage of qualified labour.

The next slide—we talked about our members' priorities in terms of infrastructure spending. Again, our members support infrastructure spending, and we bring this to your attention in terms of priorities that the government should be following in terms of doing that.

**Ms. Judith Andrew:** So the number one issue, as we mentioned, is tax relief. We have some recent direction from our members in Ontario about which taxes they favour for making Ontario a competitive place to do business. The top one—and this was taken, I guess, just in September, as we had gone through very high fuel prices—is fuel prices. It's probably not as acute at the moment, seeing as the price at the pump has gone down. Next in order is personal income tax relief, both at the low end, for the basic personal exemption, and at the high end—so, clearly, money in individuals' pockets. It helps employees, it helps customers and clients, and it helps business owners have more money to recirculate locally.

On corporate income tax, our members favour meeting and obviously beating other provinces on CIT rates. So we are calling for the small business CIT rate to be reduced, and we think the clawback of that should be redrawn and changed from a level-of-income approach to an assets approach. That would make a whole lot more sense, and that's what other jurisdictions do.

On CIT manufacturing—and again, there's a lot of support for this in the separate manufacturing study in your kit—we think we need to be competitive with other Canadian jurisdictions. We need to set out a relief plan to get there. We have a special recommendation for manufacturing and that is, introduce a temporary, flexible, refundable tax credit—flexible in the sense that it could be used for whatever purpose the business has and re-

fundable in case a particular manufacturer isn't making money, as many aren't these days. This will help them reposition themselves to do better in the future, and if we want to continue to have some manufacturing in this province, we think this is a commendable kind of approach to look at. Obviously, the details need to be fleshed out more.

**1450**

Under the employer health tax, the exemption here in Ontario has been in place since 1997 at \$400,000; we think it's time to update to \$600,000. Other jurisdictions have much higher exemptions. For example, Manitoba has \$1.25 million.

Finally, on business education tax and property tax, we think more needs to be done to both encourage municipalities to get their tax systems rebalanced and, of course, for the province's business education tax relief, which is welcomed; certainly, the acceleration was welcomed in northern Ontario, in last year's budget. We'd like to see that acceleration happen for the rest of Ontario this time around.

Overall, our budget recommendations—and there are many—are summarized in the final slide: Avoid deficits, if possible, restrain spending, or at least hold the spending line—certainly, look to our Wage Watch report for some support in doing that. We think government should maintain stability and hope for people by delivering on announced tax relief while avoiding expensive bailout packages to select businesses. It's obviously better to help businesses and make it available to everyone through the tax system. That's the single best way to help businesses in the current circumstances.

We look forward to taking your questions.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning goes to the NDP, and Mr. Prue.

**Mr. Michael Prue:** Thank you very much for your deputation. We've had three economists over the last two full days of hearings. All three of them were recommending that we run deficits. The Bank of Nova Scotia—Scotiabank—was here today. Hugh Mackenzie was here and the Bank of Montreal, I believe, was the other one. I'm trying to remember now. The three economists who came all recommended deficits in the short term in order to pump the economy, to put money into things that could be spent fast. You are recommending we don't go down that road.

**Ms. Judith Andrew:** Our recommendation is based on what our members tell us. Of course, in years gone by, there were massive deficits built up at the federal level. Our members were the leading edge in understanding that those deficits—today's deficits—are tomorrow's taxes. For some considerable period of time, deficits were quite unpopular. I don't think you would have heard any one of those economists suggesting that it was a good idea, and all of a sudden it is a good idea.

**Mr. Michael Prue:** Yes.

**Ms. Judith Andrew:** We're guided by what our members tell us. They are the ones who are already burdened by the tax system. They know that eventually deficits



have to be paid for. That's why they would ask the government to try to plan to be balanced, understanding that maybe it would happen, that you'd slip into deficit, but you've really got to avoid that slippery slope, if possible.

**Mr. Michael Prue:** The economists also had very mixed feelings on bailout packages, particularly when it came to the auto sector. I think that's the big one everyone is watching. Do your members have a view on that? They feel we may not have a choice, but they are also very wary of bailing out a sector with a declining market.

**Ms. Judith Andrew:** I do want to say that we have many members who are also connected to the auto sector, in terms of auto parts and so forth. This particular study, *R<sub>x</sub>* for Ontario's Manufacturing Sector, provides some guidance on this.

As Satinder mentioned, about one in five of our members thinks that administered grants and loans, those kinds of direct company subsidies, are appropriate, but among manufacturers, most don't. We can only tell you what our members say. They worry that everyone's tax dollars given to a particular company, whether or not there are strings attached, whether or not there's a good plan for revitalizing that company—that tends to be the way bailouts are done now. We would recommend extreme caution in this area if there is going to be support to major selected companies. That's why we think you need to balance it with a tax credit for manufacturing that's flexible and refundable, as we recommend, so other manufacturers have something. Small manufacturers in this province are actually explicitly excluded by policy from some of the programs that exist right now. They are programs where you have to provide or create 100 jobs. The businesses that participated in this study don't actually employ that many, so right away they're excluded from those programs. We think there should be a tax credit they can participate in, so that they can ready their companies to exist for the long term.

**Mr. Michael Prue:** Mr. Erin Weir, the economist for the United Steelworkers, was here this morning and gave us some pretty sobering statistics on job loss for manufacturers, which is particularly acute in Ontario, much more so than in Quebec, Manitoba or the rest of Canada—this seems to be the epicentre of job loss. Do your members have any opinion on why this is occurring?

**Ms. Judith Andrew:** We did try to analyze it in this study. We looked at our own index for Ontario manufacturers—it's on page 3 of the *R<sub>x</sub>* for Ontario's Manufacturing Sector—and our index held up reasonably well in Ontario until 2007, and then there was a decline. Our members are telling us that the thing that needs to be done is to lessen the cost to business and let them find ways to remain operating. Please don't keep loading on more costs.

That's essentially what has happened in recent years. There have been more costs, everything from Family Day—it's nicely motivated, except for manufacturers who planned production and there was no way they could deal with it on such short notice. Every one of those things adds costs. We know that's not the initial inten-

tion, but we've got to stop doing things like that, which add costs, and try to find ways to lower costs for business and deliver it through the tax system. That's the best way to get to them all.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### ONTARIO SCHOOL BUS ASSOCIATION

**The Chair (Mr. Pat Hoy):** I now ask the Ontario School Bus Association to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard.

**Mr. Angus McKay:** Good afternoon. Thank you for the opportunity to present. My name is Angus McKay, with Elliott Coach Lines in the Guelph area. I am vice-president of the Ontario School Bus Association. I'm joined by Kathy Joaquim, one of our drivers with Elliott Coach Lines, and Rick Donaldson, OSBA's executive director.

The Ontario School Bus Association represents 146 bus companies operating more than 14,000 vehicles across Ontario. Our members are primarily family-owned businesses. We are proud that our members have long-standing ties to the communities they serve. We are advocates for safe, reliable student transportation. Today, you are going to hear something that might be unique among all the presentations across the entire province. As an employer, I am going to argue that my workers need a raise.

In 2006, the Ministry of Education undertook a cost benchmark study to determine the cost of operating a 72-passenger school bus, including an amount for driver's wages. For 2008-09, the ministry funds school boards to pay school bus drivers an average of \$12.57 an hour. That means school bus drivers make considerably less than municipal transit drivers and less than a municipal crossing guard. In some boards, they make the same as hall monitors and maybe slightly more than a lunch room supervisor. But I ask you: Who has the most responsibility? You may say that we are the employers and we should just pay our workers more. But the challenge we face is that our industry is funded almost completely by school boards with budgets determined by the Ministry of Education.

Minister Wynne made a great start last year by putting an extra \$10 million into drivers' wages, thanks to advocacy by people on this committee. But that only works out to about 75 to 80 cents an hour for a driver. With the minimum wage set to reach \$10.25 in 2010, school bus driving must have greater than a \$2 differential with the minimum wage.

Just as the government has advocated an increase in the minimum wage, we believe that helping working families, like school bus drivers, earn a decent living is the right thing to do. It's good for workers and good for Ontario's economy. These dollars are spent in the local

community and will make a real difference in people's lives.

Just to give you a driver's perspective, I'm going to turn it over to Kathy Joaquim.

1500

**Ms. Kathy Joaquim:** Good afternoon. My name is Kathy Joaquim, and I am proud to say that I have been driving a school bus since October 2001. I'm a highly qualified professional, and to prove it I want to compare my qualifications with those of the municipal transit driver.

At \$25 an hour, the average transit driver makes double what the average school bus driver does. Where a municipal transit driver needs a C-class licence, I require a more difficult-to-get B- or E-class licence. A school bus driver must be trained in first aid and CPR. That isn't the case for a transit driver. A school bus driver must have a criminal background check; the transit driver does not. A school bus driver has to manage as many as 70 kids and intervene to protect student safety. A transit driver is not responsible for student safety; he or she simply calls the dispatch or 911 if trouble occurs. A school bus driver must ensure that younger students, some as young as four, are met by an authorized caregiver every day; a transit driver just opens his doors. A school bus driver must complete a 44-point inspection of their vehicle every single day; a transit driver leaves that to the mechanics.

Many of you are parents. You know how tough it is to be driving with a child in the back of your car. Now imagine as many as 70 children, while trying to navigate a huge bus through the snow on rural roads. Is it any wonder good people are choosing to move to positions with more money and fewer responsibilities?

The reason I and many drivers stay is the students. It's a wonderful feeling to see the same children grow up over the course of a year or even a decade. You can have a real, meaningful impact as a school bus driver on the lives of those children and in their community. I love my job and I want to keep doing it, but when I can go across the street and make twice as much driving a city bus, you can see why experienced drivers are leaving the industry.

Experienced drivers like me are the safest drivers of all. Industry statistics show that the number of preventable accidents drops rapidly after the first year on the job, to almost none after a few years on the job. For that reason, drivers' wages are truly a safety issue. If you want to protect students, one of the best investments the government can make is retaining experienced bus drivers to get them to school.

**Mr. Angus McKay:** In your package, you will see we did a little comparison between the qualifications to drive a school bus and the qualifications required for a transit driver. I just want to highlight a few of them for your thoughts, from the second point down:

—A school bus driver is prohibited from applying for a school bus driver licence if they have more than six demerit points. For a transit driver, there is no such restriction at all;

—Every school bus driver is first aid- and CPR-trained. That's unique across the education system. For transit drivers, there is absolutely no requirement for first aid or CPR;

—Every school bus driver must attend an MTO-approved driver improvement course. It's required by law to get your permanent class B or E licence. Transit drivers are not required to complete any such course.

The second-last point on the front page is a huge one: They must supervise the behaviour of up to 80 children and intervene when necessary to ensure the children's safety. They must note the names of students and report behaviour problems to the school principal. Transit drivers have no idea who's on their bus. They just open the door and let them on and let them off.

—Every school bus driver, as Kathy said, must conduct a daily pre-trip safety inspection of 44 inside and outside mechanical components. Generally, our circle checks look at a lot more than just the 44 minimum. They must record the defects in writing. Transit drivers have no such requirement to do pre-trip inspections;

—All our school bus drivers must abide by drivers' hours-of-service regulations. There is a paperwork burden on them, and because of the way the policy is written, it certainly restricts their chances to go out and earn other income.

Transit drivers are completely exempt from the hours-of-service regulation. They could drive 24 hours a day, seven days a week, all year and they'd be legal. Those are a few of the differences.

The other issue we want to highlight is that as the minimum wage increases—it's gone from, I believe, \$6.85 in 2003 to—it will be \$9.50 in February; that's about a 38% to 40% increase. Most school bus drivers, through funding, have received somewhere in a 4% to 5% to 6% increase in that same six years. It's clearly not keeping up with the cost of living. And as those lines come closer to intersecting, it's harder and harder to attract and retain good, professional people. I think we all recognize that we need good, professional people taking 800,000 kids to school and home twice a day.

At this point, we're happy to take any questions. Thank you for the opportunity.

**The Chair (Mr. Pat Hoy):** And thank you. This round of questioning will go to the government. Mr. Arthurs.

**Mr. Wayne Arthurs:** Welcome back as an association. It's good to see you again.

**Mr. Angus McKay:** Thank you.

**Mr. Wayne Arthurs:** This is, if not annual, we're close to it, anyway. And it's not a bad thing from the standpoint of, it certainly is a venue to be able to ensure that the issues of drivers are on the record in front of us here. The presentation is a good one.

Not to be contrary, just tell me a little more, if you can: You drive for the kids. You're there because of the kids. What are some of the other advantages? As I think about it, just quickly: What are some of the other advantages of school bus driving over transit driving, or what



are the opportunities? There are only a limited number of jurisdictions that probably have municipal transit. A lot of folks can live in smaller communities, rural communities, who might not otherwise have access to municipal transit to drive. I would think that could be one of the advantages for those who want to stay in the school bus business. Are there some others?

**Ms. Kathy Joaquim:** Advantages of staying with a school bus?

**Mr. Wayne Arthurs:** Yeah. I'm thinking about, like, the summer, where you're not quite as constrained.

**Ms. Kathy Joaquim:** It's lovely in Ontario, seeing the four seasons. First thing in the morning, last thing at night. The sun's coming up, okay? Obviously, the kids themselves. There are special-needs kids on our bus who require different needs, aside from just driving—watching them; hopefully, nobody is choking; hopefully, nobody is picking on them.

**Mr. Angus McKay:** And you're right. Seasonal is a big attraction. There are a lot of people who want the summers off, which school busing does allow.

There's no question our greatest areas of pressure are in the medium-to-large urban centres, where we do compete with transit. The more rural we are, the less the issue is for drivers. Having said that, it is an issue everywhere, from Timmins to Toronto.

**Mr. Wayne Arthurs:** Are you still faced with—the last time, whether it was last year or before, in one of the presentations, you talked a bit about fairly consistent turnover. You were still having a lot of trouble maintaining your drivers. Kathy mentioned that, I think: that a lot of folks aren't in there for the long term. Is that still an issue that's out there?

**Mr. Angus McKay:** Very much so. The reason is, because it's a part-time, split-shift job, most drivers are not able to get benefits. They can go to Tim Hortons or Wal-Mart and get benefits. We're experiencing, province-wide, an average of 30%, but in the areas that compete with transit, the more urban areas, it can be as high as 50% turnover annually still.

**Mr. Wayne Arthurs:** Okay. I'm certainly glad to see you acknowledge, in the presentation, Minister Wynne's contribution through the budgetary process, and some commendation for some members of committee who do listen and try to get a message back as best we can, either as an entire committee or as individuals or caucuses, to try to keep pressure on.

Thank you again for your presentation this afternoon. We look forward to continuing the dialogue, hopefully, with some additional positive resolutions.

**Mr. Angus McKay:** Thank you for the opportunity.

**Ms. Kathy Joaquim:** Thank you.

**The Chair (Mr. Pat Hoy):** And thank you.

#### INTERFAITH SOCIAL ASSISTANCE REFORM COALITION

**The Chair (Mr. Pat Hoy):** Now I call on the Interfaith Social Assistance Reform Coalition to come forward.

Good afternoon. You have up to 10 minutes for your presentation. If you would identify yourself for the purposes of our recording Hansard, you can begin. He'll turn the microphones on for you as you start.

**1510**

**Mr. Brice Balmer:** My name is Brice Balmer. I'm the secretary for the Interfaith Social Assistance Reform Coalition. With me are Jeffrey Brown, who is the vice-chair, Imam Abdul Hai Patel, who's from the Canadian Council of Imams, and John Courtneidge, from the Religious Society of Friends, is also with us.

I want to go over our report fairly quickly so we have more time for the kind of questions that I hope you can ask. At the back of our submission you'll find the list of our members, which has a very wide cross-section, and we are an Ontario association. I also brought with me the transitions report, because we want to remind people that the current poverty reduction strategy isn't the first one that's been done, and that this transition report was done 1986 to 1989. In fact, that's when I started: when the Liberal government asked us if we would respond to the transitions report.

ISARC strongly affirms the goal of a 25% reduction in poverty in five years and the use of the low-income measure to indicate poverty's decline. We have worked very hard, as faith communities, to help people survive. Our work often is concentrated on food hampers and emergency housing. Faith groups should be using their resources for community building, family supports, children's programs and support for people with mental, emotional and spiritual issues. We hope the government will not be relying on the faith groups to provide survival services, as has happened over the last 15 years.

As we look at the necessary down payment for the strategy in the 2009 provincial budget, income security and affordable housing are of the highest priority for significant funds, and there are three important reasons:

(1) People with low incomes need money for essentials: food, housing, transportation, preparation for work, children's clothing, educational supplies and household goods. With high rents in urban areas, people with low incomes need safe, affordable, permanent housing which reduces housing costs.

(2) Increased incomes for people on social assistance and other low-wage jobs become money that is spent in Ontario, specifically in cities and neighbourhoods where people live. We see this as an anti-recessionary measure.

(3) "The Cost of Poverty," from the Ontario Association of Food Banks, and the research on "Poverty is making us sick," from the Wellesley Institute, demonstrate that poverty costs the province and all residents, not just those who live on social assistance or have low-income jobs. As the province addresses income security, ISARC predicts that lower-income people will use the health care system, including emergency wards, less often; that children will succeed in school; and that criminal justice costs will decrease over the long term.

We believe that governments are judged by how the poorest are treated. All humans have inherent rights and

dignity, and we would remind the government and the Legislature that the government of Ontario has signed the United Nations human rights conventions and accords which guarantee adequate income, food, wages, affordable housing and safety for everyone, not middle class and upper class.

ISARC recommends that Ontario put a permanent increase of \$2 billion in its 2009 provincial budget: \$1 billion for social assistance rates and \$1 billion for affordable housing. These dollars will multiply many times over in the local economies. These dollars would be 2% of the government's yearly budget.

There are a number of aspects of income security: (1) social assistance, (2) employment Insurance, (3) benefits for children, and (4) minimum wage, and there are others. Our faith communities advocate raises in social assistance, minimum wage and other benefits to close the gap between the economically marginalized individuals and families and the low-income cut-off, or the low-income measure.

We've noted that with the cost of living, the increases to people on social assistance has been 7% over the past five years, but the actual cost-of-living increase in Canada has been 11.38%, which means that currently adults on OW and ODSP have lost approximately 4% in purchasing power since 2003. Employees in Ontario have had higher than cost-of-living increases, and that's all right with us, but we just ask, how can our province short-change the most economically marginalized?

We have been with others in recommending an immediate \$10 minimum wage, and we would continue to recommend that. In Waterloo region, \$14 is a living wage for a single person; I noted that in Toronto, it's \$16 an hour. We know that families need \$21 an hour just to pay for the basic essentials. So we would recommend that the minimum wage get up to \$10 an hour as quickly as possible and, if nothing else, to at least put the 75-cent increase in for 2011.

We're glad that the provincial government is working with the federal government to make changes to employment insurance.

We want to see Ontario honour the human rights conventions and accord.

On affordable housing, our emergency shelters are full, homelessness is growing, and more tenants are paying 50% or more of their income for shelter. Ontario has a housing crisis that has developed over the past 15 years. As faith communities, we realize that there was no money for new affordable housing units in the past two provincial budgets. There was \$100 million for repairing social housing, but no new housing units.

ISARC is concerned that our municipal governments have set up structures for producing affordable housing. London has \$2 million in their budget; Waterloo region has just approved building 1,000 more affordable units over the next five years. There needs to be a clear allocation from the province. Municipalities need the assurance of ongoing partnerships with the province. We don't want the infrastructure to disappear.

Faith communities are also working on affordable housing stock. The Honourable Deb Matthews suggests that all hands should be on deck to reduce poverty. We ask, in the area of affordable housing, where are the senior levels of government? Can we expect to see affordable housing dollars in the 2009 provincial budget, as part of this commitment?

ISARC congratulates the province on a new, positive direction to reduce and eliminate poverty. This poverty reduction needs a significant down payment. We recommend: an increase of \$1 billion annually to increase social assistance rates for OW and ODSP; increasing the minimum wage to \$10 an hour immediately, or at least to \$11 an hour in 2011; and increasing by \$1 billion annually the money to build affordable housing stock in Ontario.

Ethically and morally, Ontario is judged by how the poorest are treated: Do individuals and families have enough resources to provide for their basic needs? Ontario and Canada have signed these United Nations human rights conventions and accords, which protect all residents, especially the most marginalized. It is time to keep on the high road; it is the right thing to do. It does give all economically marginalized people the chance to break the cycle of poverty.

We thank you for moving forward on the poverty reduction strategy, and we look forward to a significant down payment in the 2009 budget.

**The Chair (Mr. Pat Hoy):** Thank you. Questioning will go to the official opposition.

**Mr. Ted Arnott:** Thank you for your presentation and for the good work that your organization has been doing through the years. Your brief is very self-explanatory and direct.

I wanted to ask you a question on behalf of my colleague the member for Dufferin-Caledon, Sylvia Jones. She has a private member's bill that's being debated in the House this afternoon and the intent of it is to support the registered disability savings plan idea, which is much like an RESP, whereby a disabled person contributes money to this savings plan, and there would be matching dollars from the federal government, and when the money is taken out, of course, after the disability takes place, the person would probably not pay tax. I wonder if you've had any opportunity to discuss this issue or if you have a view on it, because Sylvia asked me to ask this question.

**Mr. Brice Balmer:** We have not actually had a chance, as ISARC, to discuss it. I got a memo from Madame Meilleur of the Ministry of Community and Social Services, which I read through. I think, on the one hand, we would feel fine about that kind of an RESP or whatever it is. I think it cannot distract or take away from what needs to be done for people who are poor currently, people who are now suffering poverty—and they are suffering. I hope we can avoid it and do prevention work, but right now we're not—

**Mr. Ted Arnott:** There are immediate needs.



1520

**Mr. Brice Balmer:** We need to do the immediate attention.

**Mr. Ted Arnott:** I understand what you're saying, exactly.

**Rev. Jeffrey Brown:** We'd also suggest that, with regard to something like that, as with RESPs or the like, they tend to be short term, and a lot of the clients, the people on ODSP—we're talking about long-term situations, so that it doesn't deal with that depth.

**Mr. Ted Arnott:** I completely understand what you're saying. In the spirit of non-partisan co-operation, I know that the member for Kitchener—Conestoga, Leeanna Pendergast, wanted to speak to you briefly too. With your indulgence, Mr. Chair, I'd like to yield some of my time to her.

**The Chair (Mr. Pat Hoy):** Ms. Pendergast.

**Ms. Leeanna Pendergast:** Thank you very much, Mr. Arnott. I appreciate that.

I wanted to thank Brice, Jeffrey and Imam Abdul for being here today and begin by commending Brice on his hard work, advocacy and tireless efforts on behalf of—well, we worked together for almost a decade on the crime prevention council, where Brice represented interfaith pastoral counselling. Isn't that correct?

**Mr. Brice Balmer:** Yes—faith community.

**Ms. Leeanna Pendergast:** I now commend you for your hard work here today. It's sort of a roundabout question, but I want to give you the floor. As loquacious as I am as an English teacher, I'll get to the point.

You acknowledge the government's poverty reduction strategy, and thank you for that. Secondly, you comment on increasing the minimum wage. This morning we heard from the Canadian Restaurant and Foodservices Association, who would disagree with that, and gave reasons why we have to address that gap, if that were to happen, and how virtually difficult or impossible that would be.

You did mention in your submission community-based programs and the significance of those. Brice, since we go back so many years in working with the community, the crime prevention council and neighbourhood tool kits, I'm wondering if we could rely on your expertise just to give us an idea of how that would look, what the recommendations from ISARC would be to the government in that area? Given that it is a time of fiscal restraint, we are as a government addressing affordable housing. But what about that collaboration in those partnerships? What recommendations would you give the government in that area?

**Mr. Brice Balmer:** Speaking to the restaurant association issue, first of all, restaurants are in the local economy. If some of our coffee goes up 25 cents, so that there are fewer poor people in our community or fewer people who are working, I think one of the things we've noticed that's been really difficult is that the working poor have continued to increase significantly and that a lot more and more of our food hampers are going to the working poor. So as we increase the minimum wage,

then the working poor are more able to handle their own responsibilities on their jobs.

In terms of community, I think community is very, very important. One of the things I appreciated in the report that Deb Matthews submitted is that it talks a lot about community. What I've found in the work around the Waterloo region, and also some here in Toronto, is that when people are a part of communities, they help each other to break the cycle of poverty. So the more we can do to build up the infrastructure of community centres and community schools, which is also in the breaking-the-cycle project, and some of those other methods where parents actually speak to each other—adults actually talk to each other. St. John's Kitchen, which is a soup kitchen, is actually a place where people with mental health issues help each other to find out how to survive better.

One of the things I was most excited about with breaking the cycle was that there was more and more emphasis on community infrastructure. We would just say now that it's really important that the incomes go up for people on social assistance and the working poor, and it's very, very important that affordable housing be in the budget.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

*Interjection.*

**The Chair (Mr. Pat Hoy):** We'll take a very short comment then.

**Mr. Abdul Hai Patel:** If I can just add to this: There are community-based places of worship that are pooling their efforts to look after the poor and the homeless. I'm part of another organization that does regular feeding. But as you said, this is a time of restraint, and we don't know what will happen in 2009. The donations are likely to drop. We hope not, but that's going to affect the community programs as well.

In the Islamic faith, there is a built-in feature of compulsory charity on people who possess certain assets, so that people disburse that over here, and that is one way to supplement. But again, if we have unemployment and other hard times that we hope will not come, that can affect the community-based programs as well.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

## ONTARIO CATTLEMEN'S ASSOCIATION

**The Chair (Mr. Pat Hoy):** Now I call on the Ontario Cattlemen's Association to come forward, please. Good afternoon. You have up to 10 minutes for your presentation; there could be five minutes of questioning. I would just ask you to identify yourselves for our recording Hansard.

**Ms. Jennifer Snively:** I'm Jennifer Snively, policy adviser.

**Mr. David Stewart:** My name is David Stewart. I'm executive director of the Ontario Cattlemen's Association. I would like to thank you and your very patient

committee members for listening to our presentations today.

On behalf of the Ontario Cattlemen's Association, I appreciate the opportunity to provide early input into the development of the 2009 Ontario budget. The next budget has the potential to make a positive difference in the lives of 19,000 beef producers in Ontario.

Ontario is a great province. We're lucky to live here. In Ontario, we have an abundance of land, resources, hard-working people and financial capacity. We appreciate that you are doing everything you can to protect the core services that are important to Ontarians.

It should be noted that the voters of this province consider agriculture to be one of the most important industries in the province. Further, with the drop-off in other manufacturing, the agriculture and agri-food industries are well positioned to be the major export engine of the Ontario economy.

Support of the Ontario beef industry demonstrates a recognition of the value of maintaining a provincial supply of Ontario beef. Ontario beef farmers are very proud that they produce a product that's recognized for its quality by consumers at home and around the world. Beef is full of nutrients recommended by Canada's Food Guide as part of a balanced diet. Research is under way to add functional value to beef, such as improving nutrient content with enhanced omega-3 and other essential fatty acids.

Eating healthy foods has increasingly become a priority for Canadians. With the health care budget predicted to take 70% of the provincial budget by 2025, research focusing on developing health-enhanced food products will be key. The value-added potential to beef is vast.

While the last five years have presented a series of unprecedented challenges to our industry, we remain confident that with proper government investment and partnership, there can be a strong future. We understand that a widespread financial crisis is going to dictate a tight fiscal policy on Ontario. However, we believe that sound policies and programs to support and grow Ontario's beef industry will result in job creation and contribute to the speedy recovery of Ontario's economy.

Our requested priorities for the 2009 Ontario budget are as follows.

First, the liquidity enhancement program: Beef farms in Ontario are in a cash crisis. A combination of factors, including the last year of escalating farm costs and low prices, mandatory country-of-origin labeling in the US, government regulations and ethanol policy, and a lack of access to key markets have forced many producers to question their future in the Ontario beef industry. Beef producers are losing equity and taking on increased debt. Producers did remortgage to make it through the BSE crisis, but this is not an option now. Due to equity erosion, the margin money which producers need to operate is just not there. A declining number of cattle on feed directly threatens the viability of employment and processing facilities in urban areas and reduces our

value-added GDP contribution to the Ontario economy. This has been communicated to government repeatedly. We request a short-term cash infusion to ensure the long-term survival of our producers.

Second, we request an investment of \$20 million for a pilot risk-management program for Ontario corn-fed beef. The Ontario corn-fed beef program has experienced tremendous growth in past years. However, an unstable market threatens the viability of Ontario's feedlots and the program. The Ontario Cattle Feeders' Association's proposed risk-management pilot program will help reduce volatility in the marketplace for farmers. The Ontario corn-fed beef program is everything the retailer and the consumer have asked for. Our industry has invested heavily to get it to its current state. As the largest vertical beef value chain in Ontario, the program provides Ontario beef to Ontario consumers and complies with food safety protocols, as demanded by customers.

#### 1530

Primary producers need the requested pilot risk-management program. We requested this program in our last pre-budget submission in January 2008, and again, we are asking the McGuinty government to kick-start the program to provide stability and confidence to Ontario's cattle-farming families. We feel it may be necessary for the Ontario government to stimulate economic growth by providing support to industries with the potential to quickly deliver growth and export earnings, thereby improving both stability and employment prospects as we recover. This is a proper use of government revenues during a recession.

The Ontario government should run a deficit, if necessary, to protect priority programs and services. However, a deficit should not be run to finance routine operations. As long as you do not build in an operating deficit, when the economy rebounds, the resulting surplus budgets can be used to pay down debts incurred to cushion the provincial economy.

While we do not know every program the Ontario government supports, we do know that the budget of the Ontario Ministry of Agriculture, Food and Rural Affairs is less than 1% of the total Ontario budget. In comparison, the combined budgets of the various health care and education ministries total 62% of the Ontario budget. We do not agree with this two-dimensional approach to managing the Ontario economy. Growth in health care and education spending is not sustainable into the future. This should be tackled now and a more appropriate balance in distributing funds must be found. Due to the large and broad spin-off of jobs in both rural and urban areas, investment in primary agriculture and agri-food industries directly spurs growth and develops a sustainable tax base.

We request you re-evaluate the budgets of these ministries in light of the new economic challenges and the potential of decreased tax revenues. The Ontario beef industry is very important to the economy of Ontario. Beef farming is carried out in every county and district in Ontario. By investing in the Ontario beef industry, the



McGuinty government is investing in the families, businesses and communities of Ontario, both urban and rural. The income and employment derived from our industry helps support a broad range of rural infrastructure. Beef farms create jobs in rural communities, from feed supply stores to grocery stores, as well as supporting employment in packing plants and further processors in urban areas.

In a study by the University of Guelph titled the Economic Impact of the Ontario Cattle and Beef Sector, the following results were found: In 2005, the value of beef production in Ontario was \$1.2 billion. The impact on direct value-added GDP was \$258 million out of that and the value on indirect GDP was \$479 million, for a total of \$737 million; and employment was greater than 13,000 jobs. However, every drop in sales of \$10 million from that level, the value-added GDP will decline by \$7.4 million. That study actually showed that it's a fairly linear relationship in both directions, so if we grow this business, an increase in sales of \$10 million adds \$7.4 million to the Ontario economy.

The University of Guelph study concluded that the economic impacts arising from growing the Ontario beef industry would be approximately the equivalent to the economic impacts of growth in the automobile industry. Your government recognizes the effect that a decline in the automotive sector has on our economic health; it should also realize that a decline in the agriculture sector will have a similar negative effect.

Ontario has the capacity in place to double beef production. However, there are serious concerns around the survival of packing and further processing industries. If we allow the processing industry to fail, primary production will no longer be tenable and Ontarians will increasingly be eating imported beef.

As we see it, the government has two choices: either support the growth of the beef industry to create jobs and value-added activity in Ontario or watch it decline, resulting in substantial job losses in both rural and urban areas of Ontario. Support and investment from the government to help grow the Ontario beef industry will result in profitable and sustainable beef family farms, and create spin-off jobs in both urban and rural areas of Ontario. This will be a good-news story for all of Ontario.

Over the past two years, we've found it very difficult to work with government. Taxpayers are fed up with infighting and finger-pointing between the provincial and federal levels. There's an African saying: "When elephants fight, it's the grass that suffers." You folks are the elephants and we're the grass.

At the height of the BSE crisis, both levels of government were at the table, working towards a non-partisan, common solution for our industry. This co-operation has been lost, sadly.

We need the federal and provincial governments to not only co-operate but to also include producers and industry stakeholders as full partners. This is a cost-free initiative we are requesting.

In such challenging economic times, taxpayers demand that their governments work together to find common solutions. A starting point for government co-operation should be to craft business risk management programs which work for Ontario beef producers. Neither AgriStability nor CAIS before it were designed to help agricultural producers through multi-year disasters as we have experienced with BSE and the market collapse of the past year.

In the absence of an adequate national program, individual provincial governments have spent the past year delivering an uncoordinated string of ad hoc payments. The extent of these payments ranges greatly from province to province, upsetting the competitive balance across Canada.

**The Chair (Mr. Pat Hoy):** You have about a minute left.

**Mr. David Stewart:** Thank you.

We urge you to work with the federal government to develop a national approach for the livestock business risk management. We require a workable suite of national programs. We request you work with the federal government to:

- eliminate the viability test;
- enhance reference margins;
- allow producers to choose the better of the Olympic or previous three years' average for reference margin calculation;
- give producers a choice of the better of AgriStability, Tier 1, or AgriInvest; and
- waive structural change adjustment for beef producers.

In closing, we have participated in the past three pre-budget submissions and are lukewarm to the process. We feel our requests and our concerns have largely been ignored. This is not only devastating for beef farmers of Ontario but also for the consumers of Ontario who rely on fresh local food.

A successful economy does not only require investment into health and education ministries of Ontario. Supporting and investing in the Ontario beef industry can contribute significantly to the financial health of the Ontario economy. We request that the 2009 Ontario budget reflect this reality.

We look forward to working closely with government staff to develop programs and policies that will benefit beef producers, the economy and all Ontarians. Thank you.

**The Chair (Mr. Pat Hoy):** And thank you. This round of questioning goes to Mr. Prue of the NDP.

**Mr. Michael Prue:** There are many programs you're talking about here, but can you give me or the committee, in round terms, how much money you're looking for, extra money, in the budget this year—just one big lump figure, so we can figure it out?

**Mr. David Stewart:** That's really hard to say, Michael. The risk-management program, the request that's on the table there, is \$20 million, for sure.

**Mr. Michael Prue:** That's the one number you have. You have the liquidity enhancement program, but there's no figure attached to that.

**Mr. David Stewart:** Yes. I would say that that would work out probably in the neighbourhood of \$60 million.

**Mr. Michael Prue:** All right. So we've got \$60 million for liquidity enhancement; we've got \$20 million for the corn-fed beef ledger account. You talked about a deficit being run as well. That's a deficit overall for the government in order to accomplish your goals and other goals? Is that the—

**Mr. David Stewart:** If required, yes.

**Mr. Michael Prue:** If required. Now, we've had groups come before us indicating their preference to have a deficit. We've had others come before us and say they don't want to go down that road. The beef farmers do appreciate the possibility of a deficit, and you're not afraid of it?

**Mr. David Stewart:** In our submission I think we state that that is as long as a deficit is not used to just finance the operations, the ongoing operations of the various departments and ministries. If the deficit is used for specific, targeted injections of growth or to stimulate the economy, then I think that's a wise use of government funding.

**Mr. Michael Prue:** Some economists have suggested that a deficit should be run only in the short term, for two years or three years maximum. After that, the stimulation is done, whatever we can. Is that where you're sort of coming from too?

**Mr. David Stewart:** Yes, I sort of think so. As I was driving into Toronto and seeing all the cranes in place and all the construction going on, I wondered how much you can stimulate with any more infrastructure projects, because I think all of the construction workers are currently employed.

**Mr. Michael Prue:** How many new beef farmers, say, in the last five years have come into Ontario?

1540

**Mr. David Stewart:** Very few. Our numbers have been relatively static, to showing a little bit of decline. The average age of beef farmers in Ontario is about 53. We have a young farmer program—which is referenced, I think, in our document—that we didn't have time to talk a lot about today. We feel that the development of young farmers is very important for the future of the province as well.

**Mr. Michael Prue:** You have indicated two priorities being \$80 million: \$20 million and \$60 million. If you were able to get that from this committee recommendation and see it in the budget, would you feel that you were listened to? I know you've said you don't think you've been listened to in the past. Do you think that an \$80-million investment, if the committee recommends it and the minister buys it, would be sufficient to show that you were listened to, or are you really looking for more than that?

**Mr. David Stewart:** It's not a matter of assuaging our feelings as beef producers.

The frank reality is that Cargill plant in Guelph is the largest employer in beef processing in the province—they have about 1,800 employees—and they're saying to industry and to the Minister of Agriculture that if the supply of cattle in this province drops another 10%, that plant is not viable. So we have to ensure that we have enough cattle to keep that plant viable in the first place. They're saying to the Minister of Agriculture, "We'd really prefer, rather than shutting that plant down, to be able to double-shift it. If we could work on a program to ensure that there are enough cattle in the province so that we could run that plant full out on two shifts, that's our preference." So you've got a big employer there that has the facility and capacity in place and that's offering to create jobs for this province, and I think you should embrace that employer.

**Mr. Michael Prue:** Very good. Thank you very much.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation.

#### CANADIAN FEDERATION OF STUDENTS-ONTARIO

**The Chair (Mr. Pat Hoy):** Now I would call on the Canadian Federation of Students-Ontario to come forward, please. Good afternoon. You have 10 minutes for your presentation. Please identify yourselves for the purposes of our recording Hansard, and then you can begin.

**Ms. Shelley Melanson:** Thank you so much for allowing us to present today. My name is Shelley Melanson. I'm the chairperson for the Canadian Federation of Students-Ontario.

**Mr. James Beaton:** I'm James Beaton, the Ontario researcher.

**Ms. Shelley Melanson:** We do have handouts for you, but they are en route, so we'll make sure you get those.

This year, the government of Ontario has some important decisions to make. With the news media declaring a crisis in the manufacturing sector and reports of deepening economic downturn, the fall economic update warned Ontarians to prepare for funding restraints and even cuts to certain sectors. I'm here today to convince you that this is a mistake.

On October 22, the day of your economic update, students delivered 69,000 petition signatures to the Legislature, calling on your government to take a different approach toward the economic revitalization of Ontario. Sixty-nine thousand students, parents and community members signed the petition in just over a month and a half because they're afraid that the short-sighted and short-term solutions will more deeply entrench some of the problems that have led to this economic crisis.

I was one of the 69,000 citizens who signed the petition, and I'm here to bring you a message on their behalf. In fact, I'm here also representing 300,000 college and university students in Ontario who are members of the Canadian Federation of Students. That includes over 10,000 students who joined rallies, marches and



demonstrations on November 5 in 14 cities across Ontario to call on your government to reinvest in post-secondary education, roll back tuition fees and reduce student debt.

We believe that it is precisely because of the current economic challenges that Ontario must invest in affordable, high-quality post-secondary education. Investing in higher education is an investment in the economy. An educated workforce is critical in shifting Ontario's economy to a knowledge-based economy. It will improve research and development, it will attract industry, and it will create equality of opportunity. Investing in education is an investment in our society, our economy and our future.

As the manufacturing sector struggles with dramatic job losses, in the neighbourhood of 42,000 jobs just in the month of November, we must rethink our economy, with an eye to the future.

There is a parallel that can be drawn between our current plight and the situation faced by Ireland in the 1990s. Like Ontario, Ireland was a manufacturing economy that faced a deep economic stagnation. Their manufacturing industry was bottoming out, they were hemorrhaging jobs, and they needed to restructure their economy. In 1995, the Irish government, which was a fiscally conservative government, unveiled a strategy for economic revitalization called the Celtic tiger. Amongst their new measures, this strategy sought to turn the Irish economy into a knowledge-based economy and make it attractive to research industries and the high-tech sector. A major plank of that strategy was a heavy investment in post-secondary education—an investment that bolstered research funding, hired more faculty and abolished tuition fees. Guess what? It worked. Enrolment doubled during the 1990s and increased a further 30% in the four years up to 2001 as the full effect of the tuition fee elimination was implemented. Following the introduction of free tuition, participation among the lowest socio-economic groups rose by 47%. The Irish economic miracle led to the Irish economy becoming one of the strongest of the EU's countries for five years in a row.

The federation also supports bringing college and university funding above the national average. Despite investments implemented in 2005, higher-education funding has not kept pace with enrolment demands, as a growing population of young people realize that a college diploma or a university undergraduate degree is an economic necessity. Today, Ontario's per-student funding for post-secondary education continues to shamefully lag behind as the second-lowest in all of Canada. In the university sector, Ontario's funding is 22% below the Canadian average and 26% below the American funding standards. Bringing Ontario's per-student funding investment above the national average is crucial to recognizing that we cannot spend our way out of a crisis in the manufacturing industry, but that we must educate ourselves out of it.

The federation also supports rolling back increases and reducing tuition fees. Today, it is estimated that 70%

of all new jobs require some form of post-secondary education. In past generations, higher education might have delivered higher income earnings, but today it is merely a path to an average income. That means that in the labour market, a university undergraduate degree or college diploma has the same value as a high school diploma had 50 years ago. The argument that post-secondary education is solely a private benefit is outdated thinking that fails to recognize the necessity of higher education and significantly overestimates the earning potential that is accrued. According to the most recent Statistics Canada census data, the average annual income for a Canadian worker is \$36,300, while it is estimated that the median income for a college graduate is \$31,200, and for a university graduate, it's \$39,000.

In spite of this reality, Ontario is out of step with other provinces and has headed in the wrong direction. By cancelling the tuition fee freeze in 2006, the McGuinty government has taken Ontario's fees from the fourth-highest to the second-highest in Canada, and they continue to climb at two times the rate of inflation. Meanwhile, graduate and professional student tuition fees are far and away the highest in the country—now over \$20,000 for a law degree at the University of Toronto.

Despite rhetoric to the contrary, during the periods of the sharpest tuition fee increases, between 1993-94 and 1998-99, university enrolment in Canada actually declined. The rate of increase in college enrolment has declined consistently almost every year since. Tuition fee increases undermine quality and they discriminate against those who are already economically disadvantaged.

The federation has determined that an investment of \$326 million per year would allow colleges and universities to roll back tuition fees to 2004 levels and keep them frozen, with no reductions in institutional operating budgets. In the meantime, Ontario must work on a new framework for tuition fees that introduces affordability, opportunity and equity through the progressive reduction of tuition fees.

We also feel that the government needs to close the door on ancillary fees as hidden tuition fee increases. This fall, the Ministry of Training, Colleges and Universities released changes to the ancillary fee protocol for colleges that will take effect in 2009-10, in response to a class-action lawsuit that was done by two Ontario college students for charging prohibited ancillary fees. While students applaud the new rules that strengthen the role of campus unions and the process of approving new ancillary fees, we would like to see further changes to strengthen prohibition against additional fees that contribute to the operating costs of our colleges and universities. Ancillary fees are intended to cover supplemental or auxiliary services that may enhance the student experience. They are not duplicate tuition fees. Therefore, the Ontario government must act to prevent the use of ancillary fees as a way for colleges and universities to increase operating revenue and download costs onto students. Such abuse directly undermines the government's

tuition fee regulation and makes post-secondary education less accessible.

1550

We also believe that an important plank is investing in reducing student debt, especially in the context of uncertain economic times. Ontario can't afford to indebted a generation of students. Such a strategy attempts to avoid public debt by forcing individual graduates to shoulder the debt burden themselves. By downloading the economic crisis to individuals, we will scare many low- and middle-income students away from the opportunities that an education can afford and we'll reward the courageous with a private burden.

Over the last 15 years, the average student debt for a four-year degree student who takes on debt has leapt from \$8,000 to over \$25,000 and threatens to approach \$28,000 in this province. A study of wealth and assets shows that student debt negatively impacts the ability of graduates to start families, buy homes and otherwise participate in the economy and society. Student loans constitute about 34% of the debt of those under the age of 35 who do not own their principal residence. Home ownership among this group was only 28%. Students are recommending that Ontario enhance student financial assistance by converting a portion of every student loan into an upfront grant.

The federation also supports enhancements for graduate students. For Ontario to chart a new course as a knowledge-based economy, it needs to invest in research and innovation. That requires new investment in graduate student support. In response to calls from the university sector and business leaders, the Ontario government has wisely invested in the creation of graduate student spaces but hasn't provided expansion for graduate student support. Graduate student funding through scholarships and teaching or research assistantships contributes to the professional development of graduate students and bolsters the teaching and research mission of our universities.

Lack of proper funding for graduate students has been a major cause for labour unrest at York University, as many of you know, and threatens to spread to campuses like the University of Toronto, where a strike mandate was just achieved this week.

**The Chair (Mr. Pat Hoy):** You have about a minute left.

**Ms. Shelley Melanson:** Okay. Sorry, sir. The growth in graduate student scholarships lags significantly behind enrolment expansion in Ontario, and with province-stated plans to create 14,000 more graduate-student spaces by 2009, this situation will only get worse. Graduate students are struggling with the accumulated debt of previous degrees, forgone earnings and full-time tuition fee payments, even in a semester when they are not taking classes.

Until the mid 1990s, graduate students actually were only charged full-time tuition fees during coursework or residency periods of their degree, which were generally two semesters for most master's programs and four semesters for most doctoral programs. The elimination of

post-residency fees in Ontario universities has resulted in an increase in the overall cost of a degree by as much as 300%.

In closing: With the threat of a looming economic crisis, the provincial government has told Ontario universities and colleges to brace themselves for less funding. Students have made our voices very loud and clear this year and have received support from parents, the media and our communities. We believe that the cuts to education represent the kind of short-term thinking that has precipitated this economic crisis.

We're providing further details on our proposal with our written submission, but our message today is that now is the time for long-term planning for our economy and our society, a plan that includes investment in opportunity, investment in equality, investment in innovation and investment in affordable and high-quality post-secondary education.

Thank you for allowing us to present. I look forward to your questions.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning goes to the government.

**Mr. Wayne Arthurs:** Thank you, Mr. Chairman. Shelley, thank you so much for your presentation this afternoon. My take was that you're making a pitch that post-secondary education should be the government priority in the budget. I would pose that it should continue to be a government priority within the budget. There's a bit of a distinction there.

We certainly have made a commitment to post-secondary education, initially through the Reaching Higher plan, a \$6.2-billion commitment over five years. We've flowed something like \$3 billion since 2003 in additional money into the post-secondary education system.

I'm not aware of cuts. I think the Premier in his comments has certainly spoken to the potential to reduce the growth in funding in some areas, or to have to extend the commitments to fulfill the full obligations over a longer period of time. But I'm not aware that we've been speaking to cuts in funding in either post-secondary education or other areas.

We've had a number of experts in from a variety of fields, including economic experts, who have spoken for the need to invest in infrastructure in part if it's a deficit funding situation because it creates immediate return. They've also spoken to the need to ensure that we're ready for a new economy through investing in career development, in students, whether they be students coming through the system now or those who find themselves back in the system because of a change in structures.

My first comment was that I think your position is that this should be the priority, and I think it should be a priority. Do you want to comment on that? Do you want to comment as well on the choices between infrastructure spending for an immediate catalyst of sorts—relatively immediate—in combination with, or as opposed to, an



investment that takes a longer time to churn out the outputs?

**Ms. Shelley Melanson:** Sure. First, I'd just like to address your comment about the \$6.2 million invested through the Reaching Higher framework.

**Mr. Wayne Arthurs:** Billion.

**Ms. Shelley Melanson:** Absolutely, students applaud the new funding. The unfortunate problem is that the population—billion; pardon me—has rapidly increased over that period of time. Prior to this government taking office, there were significant cuts that happened throughout the 1990s, and so tuition fees actually outpaced inflation about four times over. So that funding has made a difference, but we're still lagging behind in terms of funding. If you actually compare the investment with the tuition fee increases that students have actually faced, for every dollar that this government has invested into the system, \$1.30 has actually been clawed back through tuition fee increases, which is an individual burden that the students are now facing.

We recognize that when we're talking about investing in multiple sectors—we know that by investing in post-secondary education, we're also helping to strengthen health. We have a significant problem with a family doctor shortage in this province. We would argue that part of the problem comes from the fact that because our students take on significant debt in their undergraduate degrees and further debt when they become medical students, they're forced to stream into specialized medicine because they're going to be able to have higher income earnings, whereas if students were not forced to take on this kind of debt, they'd have the flexibility to make those choices to become family doctors.

We know that a more educated society obviously has higher income earnings and therefore has a larger contribution to the tax bracket as well, which means that we can have further investment in other social spending.

Did you want to comment?

**Mr. James Beaton:** I think that Shelley covered it quite well. The idea is that the cuts during the 1990s really decimated the system and that Reaching Higher was definitely a welcome investment. But with the increased demands on the system, even while the cuts were occurring during the 1990s and between 2000 and the introduction of Reaching Higher, there was a lot of catch-up that had to be made.

When you look at the actual funding per student now and the sort of deteriorating infrastructure and the catching up to all the problems that occurred throughout the 1990s, we see Reaching Higher as a first step towards fixing the system, and that it needs to go a lot further to create accessibility so that, for instance, students and graduate students aren't scrambling for funds and in-debting themselves heavily just to get through the year.

**Mr. Wayne Arthurs:** Unfortunately, I've run out of time, but not out of questions.

**The Chair (Mr. Pat Hoy):** Thank you. I told him he was out of time.

Thank you for your presentation before the committee.

**Ms. Shelley Melanson:** Thank you very much.

## CANADIAN BANKERS ASSOCIATION

**The Chair (Mr. Pat Hoy):** Now I call on the Canadian Bankers Association to come forward please. Good afternoon. You have 10 minutes for your presentation; there could be up to five minutes of questioning. I just ask you to identify yourselves for our recording Hansard. You can begin.

**Ms. Nancy Hughes Anthony:** Thank you very much. My name is Nancy Hughes Anthony and I'm the president and CEO of the Canadian Bankers Association. With me is my colleague Darren Hannah, who's the director of banking operations for the CBA. In the package that's been put before you, you'll see that there's a narrative submission that I ask you, perhaps, to keep for reading later. I'm going to speak to the presentation entitled Recommendations for the 2009 Ontario Budget, because, in the interest of your time, I'm going to try to touch the highlights of that.

You can see on slide number two, if you have it in front of you, that banks are obviously very big players in the Ontario economy. I don't think that'll come as a surprise to you. I think most people don't quite realize the size of the industry in Ontario. It's one of the biggest contributors to the Ontario economy, as you can see from that chart on page 2. As Minister Duncan said in his provincial budget, it's a growing part of Ontario's economy. A world leader, as you know, Toronto is the third-largest financial services centre in North America after New York and Chicago—we want to keep it that way and we'd even like to beat New York and Chicago; that would be great—and the home to a number of financial institutions.

### 1600

Looking at the chart on page 3, it's also a very fast-growing sector. In fact, the sector has consistently outpaced overall economic growth and has helped, I think in some ways, to offset some of the problems in other sectors that we've been facing for several years. That trend, I hope, may be flattening out, but it shows no sign of changing.

I've indicated on page 4—I want to just have a word about the current market turmoil which is affecting us all. We'd obviously like to say, as I've indicated here on page 4, that the World Economic Forum said that Canada's banks were the most sound in the world. Once again, we would like to keep it that way. Our banks, our banking system, are certainly performing better than those in other jurisdictions, but—and there's a big but here—there is a need to ensure that credit markets flow. That is the most important thing that banks do. They borrow money, not only from the Bank of Canada, but on international markets, which are exceedingly volatile, and they need that in order to provide that important credit to consumers and to businesses.

I just make note here that the federal government, which regulates the banks, has responded by putting in

place two programs—I can certainly speak to you about that—one having to do with the Canadian Lenders Assurance Facility, which I can tell you no bank has taken up as yet that I know of, and, secondly, a mortgage insurance program, both of them on commercial terms where the federal government will be making a profit. I'd just like to highlight that.

These measures have been put in place in order to try to ensure that Canadian banks have that necessary liquidity and that they are not penalized with respect to the rest of the world, where, as you know, there have been massive types of assistance, particularly in the United States and obviously in Europe. So we are in a constant dialogue on that. There's a need to really check every day on what is happening in world markets. I just say that that is the current background for the banking industry.

On page 5—I won't reiterate it—the banks obviously have some tremendous statistics in terms of that contribution to the Ontario economy. Also, we looked very recently, as of the end of October, at what banks are doing with respect to lending. I know there's a huge concern, particularly because there are various entities that are now exiting the credit market, and I'm thinking particularly of Chrysler Credit and GMAC. These kinds of entities are no longer lending, particularly to small business. We do see a healthy year-over-year lending profile from our major banks, about 11% year over year, so there is more lending activity. But, obviously, it's something we want to stay very close on and something that we need to monitor in these times, because Canada's banks want to lend but they also want to preserve the kind of fiscal prudence that has made them, really, the envy of the world.

To turn to our recommended approaches, on page 6 I've given you a bit of a quote about productivity, and I know that you would know all about that. You have two challenges, and I don't envy you, in terms of this budget: the short-term recession difficulties and, in the longer term, the productivity challenge. Obviously, Ontario and Canada do have productivity challenges. It becomes even more acute, I think, at a time of economic distress. I know you will, by necessity, focus on those short-term challenges, but I guess we would urge you to try to also keep in mind the longer-term issue of productivity.

Moving on to page 7, I've given you some stats: We're not too good in the productivity department as a country. So the question is: What mechanisms, in terms of your menu of choices, will you choose to bring forward at this very critical time? I know infrastructure spending will be on your menu of options, and I think many of you will be receiving counsel about the wisdom of infrastructure spending. Certainly, there are some tremendous needs, and issues like the Windsor crossing, which have been with us for so long, are so pressing.

I'm sure I don't need to point this out to you, but it is that whole question of lead time: Can you get infrastructure projects that make sense in the long term, that have those productivity-enhancing impacts for the long term for Ontario, and get them up and get them going

within the time frame that you need to see that sort of stimulus? So, infrastructure, very definitely, we would support, but in that kind of lens, I guess.

I note here on page 8 that the bankers association would always consider improved tax policy as a good route to improving productivity. There is a clear link, I think, between tax policy and productivity. We applaud the government for having made good progress in this area by phasing out the capital tax—very much appreciated. More work to do—and I have just put on page 9, in a slide there, "Ontario continues to have one of the highest corporate income tax rates in Canada," and therefore an extremely high marginal effective tax rate on capital.

We know that the federal government released in its tax reform plan in 2007 a kind of a national objective that talked about having a combined federal-provincial corporate income tax rate of 25% by 2012. It would certainly be something we would support, but we realize that the province would have to take the action of moving their CIT down to 10%. We understand fully that at this time you may have other priorities.

On page 10, as we have noted here, what we would suggest is: Is it possible in this budget to formulate that kind of long-term plan; we recognize—we haven't fixated on 2012 in any way—formulate and publish a plan that gets you to that 10% over time, and send out this very important signal that you recognize that tax competitiveness is important and that you have a plan?

I just can't leave this chair, Mr. Chair, without mentioning the common securities regulator. I'll just throw that in as a very important parting point. The Canadian Bankers Association has been a proponent of a common securities regulator for many years, and I know the province of Ontario has been a staunch supporter of that. My heavens, if we can't do this now, I don't know when we'll get this done. So our suggestion is that Ontario could use its position as a kind of provincial champion with its other colleagues in other provinces to get this single securities regulator finally achieved for the benefit of the country.

Thank you very much, Mr. Chair. I'd be happy to answer any questions that you might have.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation. This round of questioning—the official opposition, Mr. Arnott.

**Mr. Ted Arnott:** I'll just go quickly. Thank you very much for your presentation. I know my colleague Mr. Hudak has some questions too.

I just want to say, on behalf of the people of Wellington-Halton Hills, congratulations on the recognition that the banking industry received from the World Economic Forum. It was one of the few elements of good news, I think, that we have experienced in the last few months, and something to be proud of. Your membership has worked hard to achieve that—of course, working with the federal government. But, at the same time, I know that credit was tightened up throughout the world in recent months, and I'm just wondering if you can give



us any indication as to what extent credit had to be tightened in Canada in the last few weeks and, in the new year, what are we expecting to see in that regard?

**Ms. Nancy Hughes Anthony:** Thank you for your question. I would, first of all, say that in terms of credit being tightened, everybody maybe has a different idea of what that means. I think that if you go to your bank today for credit, it will be a very different sort of pricing and arrangement, possibly, than you saw 12 months ago.

I think the factor that has most contributed to the disruption in the credit markets right now is the fact, as I mentioned, that some non-bank entities have just gone, they have just disappeared, from the credit market. If you take, for example, the SME credit market, Canada's banks offer, in normal times, about 50% of that credit, and there are other entities like, as I mentioned, the car dealerships or GE Capital or small credit entities, some of them largely from the United States—they're not in this space anymore.

1610

I have noted that the Canadian banks have definitely picked up a lot more lending, and I think in some cases it's people who may have had some kind of very, very favourable arrangement, let's say with GMAC or Chrysler Credit. It's not there, and they need to now go to their bank, and obviously they're going to face a different set of criteria.

But I do continue to say that Canada's banks are lending. You see it every time you open the darn paper or turn on the radio or the TV. Consumers and businesses should make sure that they talk to their bankers, because I do believe that the banks are trying to stick by their customers.

**The Chair (Mr. Pat Hoy):** Mr. Hudak.

**Mr. Tim Hudak:** Thank you both very much for the presentation. Page 8 of your slide show talks about Ontario having the highest marginal effective tax rate on capital investment in Canada. Certainly one of the first things the McGuinty government did was to eliminate the phase-out of the capital tax and the corporate tax reduction on the schedule that had been planned, and now we remain among the highest in North America. What particular tax rates make up that high rate and what would you prioritize for reductions?

**Ms. Nancy Hughes Anthony:** I put the chart there; I think it's on page 9. I think one of the main reasons is the high corporate income tax rate. If you look at Ontario's rate at 14%, you're only beaten, if you can use that word, by Nova Scotia and PEI; they're up at 16%. Obviously our good friends out in Alberta at 10% are setting the bar, but many jurisdictions—including recently BC, I think, Darren?—have moved to either quickly lower their CIT rates or at least put in place a plan for getting down to lower levels, because it is one of the biggest disincentives to investors, both Canadian and international, when they see CIT rates like that.

**Mr. Tim Hudak:** You asked for support of a common securities regulator. No doubt the Ontario PC caucus supports that. It would make our investment climate in

Canada, particularly in Ontario, much healthier. Many will argue that there's a premium, in fact, for those who invest in Canada internationally—and you see it on the returns—because of our myriad of regulators. Do you subscribe to that theory?

**Ms. Nancy Hughes Anthony:** I do, and we actually did a piece of work—which we'd be very happy to provide to the clerk, Mr. Chair—on particularly the impact on small and medium-sized businesses. It's a cost factor and definitely it's a complication factor. I sympathize with the investor who may come in from Singapore or somewhere and say, "I have to do what? I have to go to 13 jurisdictions to do what?" It also means that sometimes, therefore, investors will only go to a big jurisdiction, which may be okay for Ontario, say, but it means the smaller investors sometimes get overlooked in smaller provinces. Enforcement, I think, is another issue that could be enhanced by having this common securities regulator.

Those are a number of reasons why we think this is the way to go. For example, we feel that there's a time for us to be coordinating securities actions and enforcement actions with the United States. Well, what do we do? Do we pull out 13 chairs? It's very, very difficult to deal with our system.

**The Chair (Mr. Pat Hoy):** Thank you.

**Mr. Tim Hudak:** Chair, if I could, it was very kind of the Bankers Association to offer that study on the common securities regulator. If they did share it with the clerk—

**Ms. Nancy Hughes Anthony:** Sure. It's particularly in relation to small business, and I think you might find it interesting. We'll send that in.

**The Chair (Mr. Pat Hoy):** If you give it to the clerk, he'll ensure everyone gets a copy.

**Ms. Nancy Hughes Anthony:** Okay. I'm happy to.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Ms. Nancy Hughes Anthony:** Thank you very much.

## INSURANCE BROKERS ASSOCIATION OF ONTARIO

**The Chair (Mr. Pat Hoy):** If the Insurance Brokers Association of Ontario would come forward, please.

Good afternoon. You have up to 10 minutes for your presentation. There could be five minutes of questioning after that. Please identify yourself for the purposes of our recording Hansard.

**Mr. Bryan Yetman:** I hope I won't take anywhere near that amount of time. They're saying you're on day 3 of these, so I'll respect the committee's time. Hopefully my comments are brief, quick and to the point.

My name is Bryan Yetman, and I'm the vice-president of the Insurance Brokers Association of Ontario, but I'm also proud to call myself an insurance broker. I work at a local insurance brokerage in Pickering, Ontario. That business has been in my family now for a couple of

generations and has served the community of Durham region and the surrounding area for some 60 years.

Just for the point of our discussions today, I should share a little about who the IBAO is. The Insurance Brokers Association of Ontario is an association that represents 10,000 insurance brokers across the province of Ontario. Within these brokerage firms, these small businesses actually employ over 20,000 Ontarians. Of course, we believe that with that kind of support, we play a vital role in this province's economy.

In addition to serving an estimated 8.3 million policyholders in the province, the average insurance brokerage firm actually makes 85% of its purchases of goods and services locally. Brokers are obviously committed to their communities, not only by the economic impact they have directly, but also by their key contributions to local charities and various non-profit organizations.

Brokerages are, of course, small businesses, often owned and operated within the family and passed from generation to generation, as is the case with the brokerage where I work. We offer continuity of service to people within our own communities. In fact, if I'm not mistaken, nearly 50% of the insurance brokerages in Ontario go back at least two generations.

As I'm sure has been a common theme amongst other people who have sat here in the past couple of days, we obviously applaud the government for taking the measures to increase the small business tax deductions and exemptions over the past few years and are very happy that they've looked at eliminating the capital tax by the year 2010. Some of the points that I want to talk about today are suggestions of some more things that could be done to support families looking to, most specifically, make legitimate business transfers between generations.

In many cases, brokers are often forced to pay capital gains tax on such transfers, which really can severely compromise their business financial situation. We propose that the government consider making it easier for younger generations to invest in their local communities by perhaps deferring capital gains taxes, should a legitimate small business transfer occur between a parent and an adult child.

As we enter into this period of economic uncertainty, insurance brokers believe it's important that the government of Ontario act prudently and aim to implement measures that will create an environment conducive to small business growth and sustainability.

Most importantly, insurance brokers urge the Ontario government to support a tax deferral strategy that will allow for the sustainability of small businesses, that will increase their growth, and, in turn, create jobs for Ontarians in this period of economic uncertainty.

That sums up everything that we're here to discuss today. Hopefully, it was brief and to the point.

I thank you very much for the opportunity to make a presentation.

**The Chair (Mr. Pat Hoy):** Thank you. Mr. Prue of the NDP will have the questioning.

**Mr. Michael Prue:** Let me preface the question by thanking you again for your hospitality in inviting me to

the ball. It was an interesting night talking to insurance brokers.

**Mr. Bryan Yetman:** It was our pleasure to have you.

**Mr. Michael Prue:** All right.

What is the average cost of the transfer of privately held businesses between parents and their adult children? How much are we talking about here?

**Mr. Bryan Yetman:** That is a difficult question to answer. Taxes and expenses that are paid are based on the valuations of a given firm. You could see firms that range from two employees up to 200 and 300, so the value would be all over the map. I'm not so sure that I could have any succinct numbers to provide, at least to this committee today, that would suggest that this would result in X millions of dollars in tax deferrals. Again, I think those numbers would be fairly difficult to try to come up with, but it's something I'd be happy to take back to some of our research people, to see if in fact there's anything we may be able to present that would be of value to this committee or any individuals here today.

**Mr. Michael Prue:** Just anecdotally, so I can get my head around it, do you have any sort of idea what, say, a brokerage firm with 10 people working in it—are we looking at \$100,000 for that, or more? I'm just trying to figure: If you're asking for a tax relief, I'm trying to see how much that involves and whether or not in fact that will mean a great loss of business where it can't be accomplished or whether people just swallow it.

1620

**Mr. Bryan Yetman:** Again, I just want to be very clear that the ask isn't necessarily tax relief or removal of such tax. It's deferral of tax for a future date until a family business is sold outside of the family operation. Again, I'll cautiously perhaps use my own example—

**Mr. Michael Prue:** Okay. Make it good.

**Mr. Bryan Yetman:** —in the transfer that I'm currently involved in. But again I would preface that remark by saying that this is not necessarily a fair representation of the actual industry as a whole. So, again, I make these comments to satisfy the question.

If we take a look at, in our situation, where we're currently beginning the process of succeeding our brokerage, we're facing some fairly complicated tax strategies that we have to employ, and the net result will likely be, at least in our case, a half-million dollars in taxes being paid—at least. That's after you consider any existing capital gains exemption that might exist on the federal level. Where I see the benefit goes back to me being—the person who's involved in purchasing that business obviously would receive, or the idea is that we receive, some reduced cost in purchasing the brokerage. So that income, that tax difference, wouldn't be pocketed by the person who's selling the business, but the idea is that it reduces the burden for the person purchasing the business going forward and allows them to invest that dollar through the reduction of their financial obligations by continuing to employ and grow the business versus focusing on paying off significant amounts of debt.

In addition to that, when you take a look at family business transfers, one of the biggest challenges that



younger people face in trying to succeed a business of their parents is that it becomes quite difficult, especially if you have firms that are valued in the millions of dollars, for someone in their mid-thirties to find the capital to go in and actually make a purchase. So if there are some tax deferral strategies—and again I think I stressed that it's not necessarily a tax exemption, it's a deferral until of course a business is actually succeeded to someone else other than a non-family member.

**Mr. Michael Prue:** Now, you would employ the same strategy if, say, someone handed down a corner store to their son—this is what I'm trying to understand—or is this unique to your industry?

**Mr. Bryan Yetman:** No. As a matter of fact, in my comments—I'll preface this by saying that my comments are specific to the belief of the Insurance Brokers Association of Ontario, because that's the mandate and the membership that we serve. Again, to be honest, if you take a look at the number of small businesses that exist in Ontario, I know when I'm personally involved in speaking with many interest groups representing many different factions of small business, succession within the family is a key issue. So this absolutely could have benefits outside of the insurance broker channel. Just depending on the business, it may be difficult to sort of determine what is a fair tax, how you value the business and those kinds of things. But again, those are things I'm not qualified at this point in time to talk about, let alone for my own case, for convenience stores etc. But there could be implications outside of the insurance broker community, and we wouldn't object to expanding this ask beyond that by any stretch of the imagination.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Bryan Yetman:** Thank you.

#### CANADIAN TAXPAYERS FEDERATION

**The Chair (Mr. Pat Hoy):** Now I call on the Canadian Taxpayers Federation to come forward, please.

**Mr. Kevin Gaudet:** We have a PowerPoint presentation. Is that possible?

**Mr. Tim Hudak:** Does Mr. Gaudet get bonus points for getting here two hours early, Chair—an extra five minutes? He's a good student.

**Mr. Kevin Gaudet:** I always try to be early in case you run out of other presenters and you need me to fill the spot.

**Mr. Tim Hudak:** It came in handy a while ago.

**The Chair (Mr. Pat Hoy):** I'm sure you know how this goes here, but you have 10 minutes for the presentation. There could be five minutes of questioning. If you would just state your name for Hansard, you can begin.

**Mr. Kevin Gaudet:** Thank you, Mr. Chairman. Ladies and gentlemen of the committee, my name is Kevin Gaudet. I'm the federal spokesperson for the Canadian Taxpayers Federation. I'm also lucky enough to be responsible for areas of Ontario spending. I had a pres-

entation, which I had hoped to present, so I may occasionally try to point you to a page or a graph in the handout that I provided. I apologize if this is a little less slick than I would have liked it to be otherwise.

It is easy for government to make budgetary and policy decisions when they're blessed with substantial revenues. The great challenge, however, lies in establishing priorities during difficult economic times when government revenues are no longer growing at large rates, as has been the case during the tenure of this government. These priorities must put at the top of the list tax-weary Ontarians who deserve fairness in the current budget process. Fairness would come in the form of tax reform and tax relief driven by restraint in government spending. We recommend a two-year freeze at current levels, followed by a cap on spending, limiting growth in spending to the combined rate of population and inflation.

Mr. McGuinty and the finance minister recently issued Ontario's fall economic statement, announcing that despite being one of the last to balance the books, Ontario will be one of the first provinces rushing back to deficit, mainly due to government overspending, not due to precipitous revenue decline. Government program spending now stands at \$23 billion a year more than when this government took office a short five years ago. I believe that's evidenced in the graph on page 8, which demonstrates what I would argue is a mountain of government spending.

The graph on page 7 demonstrates the growth of spending during the tenure of this government. We've seen spending climb, importantly, well beyond the combined rates of the CPI and the population. It hasn't been sustainable, it isn't sustainable, and the reason that you see the graph tail at the bottom is because of the last economic outlook, which suggests that government spending will in fact return to earlier levels. Given this government's history, with all due respect, and its ability to meet its budget targets, which we will speak about shortly, I'm not optimistic that this will become fact. This is a projection, not actual spending historically. You will notice in the graph that in the last year, there was more than a 10% increase year over year in spending, which included 6.8% beyond what was budgeted for the year.

As we enter difficult economic times, Ontarians are, importantly, in favour of a restraint in spending. A national Ipsos Reid survey that was commissioned in October 2008, after the announcement of a return to deficit financing in Ontario, indicated that 72% of Ontarians support cuts to government spending; only 43% support deficit financing, while only 18% supported higher taxes. I would suggest that's a strong indication of the disposition of the electorate in Ontario and taxpayers in favour of government restraining its spending.

With respect to a graph on page 10, one of the challenges that has pushed this government into deficit is the fact that it's spent over budget. If the government had created a law or followed a practice to avoid unbridled growth, and ended spending over what was budgeted,

even if revenues surpassed expectations, with such a law requiring governments not to spend over their budgeted amounts, Ontarians would not be facing a deficit at all. The March 2008 budget document shows planned program spending at \$86.2 billion, yet the economic outlook reveals spending will grow to \$86.9 billion, assuming it comes in even at that. That would be \$700 million over budget. It's this failure to meet budget targets that's causing the deficit, not precipitous decline in revenue.

Page 13 of the document has a graph referring to debt. The debt was projected to be \$162 billion. The outlook suggested in September that it was up to \$172.3 billion. We pay \$8.9 billion a year in interest to service that debt. Over 10% of every tax dollar that comes into the province gets allocated to debt interest. That's over \$1 million per hour, and the debt stands at \$13,461 for every man, woman and child in the province. Not surprisingly, this importantly deprives the province of the ability to either program-spend or provide tax relief. We would argue that a mandatory debt-reduction program be put in place with 1% of revenue on an annual basis, in an effort to start paying down this mortgage.

1630

There's a lot of talk about economic stimulus packages these days, and we would argue that that stimulus conversation has been lacking with respect to the tax reform and tax relief side. Ontario families with two or more people pay 43.5% of their income in taxes, according to the Fraser Institute. This puts Ontario the third-highest in Canada, a marginal 0.1% below Saskatchewan, which, due to its reforms, will actually put Saskatchewan ahead of Ontario, pushing Ontario into second place next year as the second-highest personally taxed jurisdiction in the country.

You've heard other organizations ahead of me already comment on Ontario having the highest marginal effective tax rate for investment in Canada at 34.8%. That's the highest. It's 5.7% above the national average. These types of tax regimes don't provide for competitiveness or fairness for individuals, families or businesses. We would argue that it's an importantly necessary time to provide tax reform and tax relief. Ontario is increasingly being surrounded by jurisdictions that have lower and more effective tax rates and tax regimes, which puts Ontario and its businesses at a competitive disadvantage. We see New Brunswick having announced a substantial tax reform package. It's not clear if they're going to execute it immediately. They may be backing off their timelines, to be fair. But they've instituted a program and plan for substantial tax relief which would in fact drive their business tax rate below even that of Alberta.

Ohio is going through substantial tax reform and tax relief which will eliminate, substantially, personal and business taxes. Saskatchewan is going through tax reform and Alberta is already there. This puts, as I said, Ontario at an importantly competitive disadvantage. So instead of talking solely about a stimulus that provides spending, a stimulus could also provide tax relief and tax reform.

With respect to tax reform, property taxpayers are beleaguered. They've already been hit in Toronto, for

example, with new garbage taxes, new land transfer taxes and plastic bag taxes. Across the province, we've seen new hazardous waste taxes—or paint taxes, as I call them. There have been new electronics taxes, which will take effect next spring and every year afterwards. Rate-payers could benefit from seeing some relief in their property taxes. The province could implement a law that limits the growth rate of municipal property taxes at no more than the rate of inflation. That would be a law that the Canadian Taxpayers Federation's supporters have been strongly advocating.

Related to the stimulus side, in an annual survey last year, 89% of the Canadian Taxpayers Federation's supporters indicated that they importantly oppose bailouts and corporate welfare, and 53% supported replacing corporate welfare programs with tax relief. We would argue that the \$900 million that go into programs like the venture capital fund, Next Generation of Jobs Fund, advanced automotive investment strategy, advanced manufacturing investment strategy and forest products sector support, just to name five of the corporate welfare programs, ought to be eliminated. The Fraser Institute had a report out yesterday that suggests the province spends roughly \$2.4 billion a year on corporate welfare. I can't speak to how they got to that number. I know my number isn't complete, but it's somewhere between \$900 million and \$2.4 billion a year, so it's in that context. When you have automotive companies, three of them, asking for some \$6.8 billion between the federal and provincial treasuries, we'd importantly argue—and our supporters advocate strongly—that this government not knuckle under to the idea and concept of throwing good money after bad.

Two minutes, Mr. Chairman?

**The Chair (Mr. Pat Hoy):** Yes, about that.

**Mr. Kevin Gaudet:** I was speaking a moment ago about the idea of freezing and limiting property tax rate growth. Of course, you will see in response to that, you wouldn't be surprised, mayors clamouring for more cash from the province, not that that would be an uncommon situation for you people to deal with. One principled way that the province could respond to such requests would be the imposition of a new gas tax accountability act, looking to the models of Manitoba and Saskatchewan, where 100% of gas tax revenues and licensing fees are allocated to the construction of roads, bridges and highways—what we call transport capital. That would be a way for the province to provide stable long-term, predictable, principled funding to municipalities; hopefully, at a time afterwards you've already frozen their ability to increase property taxes at arguably usurious rates.

The report contains a myriad of accountability and transparency measures. I'd like to just comment on one quickly, if I may, Mr. Chairman, with my last minute. It relates to something you've heard me talk about before: the accountability of crown corporations and the disclosure of annual reports. While I'm pleased that Ontario Northlands has finally issued its five overdue annual



reports—to call them annual reports actually does an injustice to the definition of an annual report. It doesn't include management discussion and analysis and it doesn't include forward-looking statements. In the private sector, it would be laughed at as an annual report. It doesn't qualify.

Importantly, the Ontario Lottery and Gaming Corp., or OLG, is two annual reports behind. I was here a year ago suggesting that the OLG was late and it still hasn't issued that report. Its most recent report is 2005-06. It strikes me as peculiar that as a taxpayer I have no access to any financial information other than through the public accounts; no management discussion or analysis from a crown corporation that has been singled out repeatedly through studies and reports commissioned by the government criticizing it for a variety of problems. It can't seem to disclose in any timely fashion an annual report, so I would argue that it would be nice to see the government, as I close, follow up on its own laws. The definition of an annual report is that it be issued annually, funny enough. So we'd like to see greater transparency and accountability in the crown corporations.

I apologize for going over, Mr. Chairman. Thank you for your time.

**The Chair (Mr. Pat Hoy):** No, you did fine. We go to the government.

**Mr. Wayne Arthurs:** Thank you, Mr. Chairman. Just a comment and a question; then I think Mr. Sousa also will take a couple of minutes of questions.

Kevin, welcome back.

**Mr. Kevin Gaudet:** Thank you.

**Mr. Wayne Arthurs:** It's frequently that I think we're seeing you.

**Mr. Kevin Gaudet:** But I'm not lecturing you today.

**Mr. Wayne Arthurs:** The rotation depends on which way the questions lie, which kind of works for us for the most part.

My comment, then the question. First, the rush into deficit situation; the Premier was first to rush into deficit. I happened to be with him when he said to the press that our fall economic statement would show that we are heading to deficit, and there were some folks at that time immediately saying, "How do you think your public is going to respond?" The Premier's comments were, "I think they're way ahead of us on this one." I think the public understands much better than government did at that point, and I would suggest it's not so much the Premier rushing to deficit, but it just took some other folks around us, in this country and elsewhere, to figure out that that's where more than just the province of Ontario is going to find itself.

We've had a number of presentations, including the banking community, experts and—well, all experts, some invited by us and others who have made submissions. I think almost to a person, they've acknowledged that deficits, if required—not the most desirable thing, but if required—should ideally not be structural deficits but ones with a plan to come out of those, and that in doing that, we should be concentrating our investment stra-

tegies on infrastructure—camera-ready types of expenditures that don't get embedded in the system.

From the Canadian Taxpayers Federation's out-comes—I wouldn't expect that you would agree with those kinds of positions. If you were to acknowledge, though, from the banking community that if we have to go there, those are the right things to do—or would you say no, we shouldn't go there, period, full stop?

**Mr. Kevin Gaudet:** Thank you for your question, Mr. Arthurs. I disagree with the Premier's characterization, not surprisingly, as to who is ahead of whom with respect to deficit financing. The Ipsos Reid poll to which I referred indicates that only 43% of Ontarians favour deficit financing and 72% support spending cuts.

With respect to economists and other deputants—I wouldn't presume to speak for any of them and I didn't hear all of them; very few of them, in fact—I've heard two different types of arguments they made. One has been along the lines of, "We can accept deficit financing and the public treasury is able to support it." Dale Orr from Global Insight, for example, argues that it is possible for the public treasury to survive deficit financing. He doesn't argue, in his case, that we ought to deficit-finance; we could survive it if we have structured measures to get out of it. My organization, importantly, and our supporters argue that there is not a structural need today for deficit financing, that if the government followed some simple measures outlined in my report, keeping spending to no more than the rate of inflation and population combined, we wouldn't be entering a deficit this year.

1640

I wouldn't argue against deficits inherently. There are two times, I believe, when deficits ought to be run—"ought" is maybe the wrong term—or are acceptable, and that's during times of natural disaster or war, and we're in neither of those. We would argue, pending further information, that would suggest there is a precipitous revenue decline and there's no indication yet. The economic outlook didn't indicate a precipitous decline; it indicated a very marginal decline, in fact. The only reason, I would argue, that this government is going into deficit this year is because it failed to meet the budget target that it set last March. If it just spent the amount that it said it was going to spend last March, you wouldn't have a deficit at all; you would actually have a \$200-million surplus.

**The Chair (Mr. Pat Hoy):** Mr. Sousa, you have about a minute and a half.

**Mr. Charles Sousa:** Thank you, Mr. Gaudet; I appreciate your presentation. We've had some expert witnesses today talking about the pending deficit that's likely to occur as a stimulus to go forward, not just provincially, but right across Canada and certainly the federal government. You talked about some of the municipal issues and some of the stresses there. Of course, we've uploaded a lot of those services, so we're going to assume some more of those costs.

It's a fine balance. We hear a lot about the tax-and-spend policies that are put out there and we hear a lot

about the slash-and-burn policies that are brought forward, so we're trying to take a balanced approach to ensure that we meet the needs while at the same time covering our fiscal concerns.

You talked about selling crown assets. Do you believe, or is it in your opinion, that the government of the day did the right thing by selling Highway 407?

**Mr. Kevin Gaudet:** The short answer is I don't know. I wasn't in this role at the time and I haven't done an analysis of it. My understanding is that, in principle, the sale of the asset was—

**Mr. Tim Hudak:** Not too relevant for the 2009 budget.

**Mr. Charles Sousa:** No, but it's a policy of selling crown assets.

**Mr. Kevin Gaudet:** I have no problem with the government selling crown assets, and from what I know of the sale of the 407, notwithstanding any sale or any complicated purchase that may have hit some rough patches, for example, I'm not aware of any inherent problems with having sold that asset.

Having said that, I would also like to see the government sell the Liquor Control Board of Ontario and privatize that and look at a number of assets that it owns, any number of which would not be sold into a depressed market. Real estate may be exempt from that because the real estate market is depressed, but there's nothing to indicate that privatization of the LCBO, for example, would be a sale into a depressed market.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### ONTARIO COALITION FOR BETTER CHILD CARE

**The Chair (Mr. Pat Hoy):** Now I call on the Ontario Coalition for Better Child Care, if they would come forward, please.

Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard.

**Ms. Jenny Robinson:** I'm Jenny Robinson. I'm the executive director of the Ontario Coalition for Better Child Care. Thank you very much for having us today. This is Victoria Goring and her four-and-a-half-year-old daughter, Carson.

The Ontario Coalition for Better Child Care was formed in 1981 as an advocacy body. We're a non-partisan group and we advocate for a system of universal, quality, affordable child care for all the families in Ontario. We represent over 500 members. We have organizations and individuals in our organization.

Tens of thousands of parents struggle every day in Ontario to secure affordable, quality child care, and Victoria is here today to share her story briefly with us and the role that child care plays in her day-to-day life.

**Ms. Victoria Goring:** Hi. To be quick, I'm a single mom. I'm supposed to receive child support, but I don't,

so any moment that I'm away from my child, I have to pay somebody. That's anything—dentist, anything. Obviously, it adds up very, very quickly.

I went back to school in September and it was really, really hard to find child care. I had been on the subsidy list for seven months. They said I was nowhere near the top. I had to go out and find a spot, which I did, but all this took months and months of my time pounding the pavement, trying to find a child care spot, never mind a spot that I actually liked. I did find some child care places that I did not feel safe leaving her in. I finally did find a spot, but of course, it's nowhere near her school, so either she can't go to school or I have to hire someone to transfer her from school to daycare, which is a job that nobody wants.

I did manage to arrange all this and then the subsidy—it's very, very bureaucratic. When I was in the subsidy office, about every second person seemed to be turned away because they didn't have the proper things. For me, they didn't like my ID. There were things I didn't have. They wanted a phone bill. Well, I don't have a phone at home. All I have is a cellphone, because I'm a single mom. They wanted a driver's licence. I don't have a driver's licence; I ride a bike.

I finally did get it—but then I have classes at night. The subsidies are only set up for 9 to 5, so if you have a 9-to-5, full-paying job or 9-to-5 school, then you can take advantage of that. But because I have evening classes and my work is weekends and evenings, too, I'm completely out of luck. So I'm back to \$12 or \$15 an hour for a babysitter, and you have to make at least twice that much to both pay for the babysitter—and then you have to have the money up front to pay them.

It has been really, really hard, and the only reason I even got it was because they kept saying no to me, and I went out and found a spot. I think anybody who had a language difficulty or took no for an answer would have been completely out of luck, and they would have had to wait a whole other year to reapply and maybe not even be accepted for school next year.

I'm trying to improve my life; I'm trying to improve my daughter's life. I just don't understand why child care isn't—it should just be free. It's only set up for 9-to-5 lives. Even part-time stuff—like before, when she was a baby, I just needed a couple of hours off to go to the dentist, but I couldn't. I really tried a lot of initiatives myself, and nobody is willing to help out a mother.

That's my story. So please, if it could even just be free, and if you could get rid of the bureaucracy and help out children, I really think it would be an excellent investment in the future.

**Ms. Jenny Robinson:** Thanks, Victoria.

Your committee has the task of putting together a provincial budget which will lead this province through some pretty difficult economic times ahead. The actions taken in this budget could mean the difference between a shallow recession or a serious, long-term economic crisis.

It's also an opportunity, we think, to build permanent investments in policies and programs that will contribute



to a strong and vibrant modern economy, and we know, from our perspective, that really means child care and early learning and a full system in Ontario.

Many of you might have seen the front page of the *Toronto Star* today, which talks about a UNICEF report that was released and a report card that was released today comparing Canada to 24 other wealthy countries. The report card provides a set of 10 evidence-based benchmarks that compare and evaluate early childhood learning and care services in 25 wealthy countries. As we know, overall, Sweden ranked number one, and Canada, sadly, is last, tied with Ireland. We just scored one benchmark out of the 10. Again, it's no surprise to us in the child care field that this happens, because we don't have a system of child care; we don't have a way to properly invest in child care in this country. So it's not a surprise to us, but it is a surprise to families when they go out to look for child care and they can't find it.

They also call on all countries to have appropriate measures in place by July 2009.

The report clearly states that our failure to provide services represents a lost economic opportunity for Canada—and we would add Ontario to that list, as well, at this time.

The creation of the report was really a response to the scientific understanding that the majority of children under 6 in wealthy countries around the world spend the early years of their lives in child care. Modern families in Canada use child care every day. Seventy per cent of mothers with children under 6, like Victoria, are in the workforce or in school—and the proportion is even higher for fathers—yet less than 12% of families in Ontario have access to regulated child care. It's very poor. The UNICEF report states today that, nationally, about 24% of families have access to regulated care. This means that the majority of families in the workforce are going to unlicensed, unregulated care for their children, when we know that the early years are the most important brain development years for children. They're the most important years that will determine their health outcomes later in life. So it begs the question: Why are we not willing to invest in child care in Canada and in Ontario? And why are we willing to leave our children in haphazard child care settings that are unregulated and unlicensed, across the province? It just doesn't make social sense and it certainly doesn't make economic sense.

1650

To quote the UNICEF study today, "Investing in early" childhood learning "and education is a key strategy to respond to current economic challenges, and" will "promote economic stimulus and recovery."

UNICEF is not alone in this thought. Many economists around the world, many researchers, tell us the same thing. There's an economist by the name of James Heckman who states that child care investments yield greater returns than any other investment in education. So there's a lot of evidence out there that tells us that.

As this government faces the prospect of a recession, a significant investment in child care will yield immediate

economic results and long-term dividends. Child care, like no other public investment, is critical in times of serious economic uncertainty. Early childhood education and care generates ongoing economic activity and stimulus in the community. It ensures that people are in the workforce. It allows people to get into the workforce and stay there for a long time. It stimulates local economies because there are a lot of people who work in the child care sector as well. If the cost of child care is lowered for parents, it frees up dollars for parents who currently have to pay for it. It makes us economically competitive through an improved long-term strategy around the workforce, because we know that early learning creates life-long learners and people who are ready for school and also ready for the workforce later in life. It reduces social and health costs later in life, therefore reducing our social costs through public investment.

It also, most significantly, reduces child poverty, and we've seen that result happen significantly in Quebec, with a 50% drop in child poverty rates over the last 10 years because of their significant investments in child care.

**The Acting Chair (Mrs. Linda Jeffrey):** Can I just tell you, you have a minute left.

**Ms. Jenny Robinson:** Thank you. We applaud the government for the "25 in 5" strategy, but we really think that child care needs to be part of that investment in a very significant way.

We understand that the government has said that full-day learning is part of the poverty reduction strategy, when in fact it needs to be broader. Services for fours and fives is a fantastic investment and could be a system builder, but what we need is a system; we need a full-capacity system for all children from zero to 12. If the full-day learning for fours and fives is not done properly, it will destabilize an already pretty fragmented system.

There is also the risk of Best Start spaces. The government invested quite a bit of federal funding in 20,000 new spaces under Best Start. These dollars are coming to an end.

**The Acting Chair (Mrs. Linda Jeffrey):** I'm sorry. Excuse me. I'm sorry, you've exhausted your time. Do you want to just wrap it up?

**Ms. Jenny Robinson:** Sure. Thank you. Child care is a very important investment, and we would like to see a significant amount of investment in it in the next provincial budget because it has an important economic impact with child care.

**The Acting Chair (Mrs. Linda Jeffrey):** Our round of questioning this time goes to Mr. Hudak.

**Mr. Tim Hudak:** Ms. Robinson, thank you very much.

**Ms. Jenny Robinson:** You're welcome.

**Mr. Tim Hudak:** I just caught Victoria's first name, so Victoria—

**Ms. Victoria Goring:** Goring.

**Mr. Tim Hudak:** Oh, then I misheard. And your daughter's name is—

**Ms. Victoria Goring:** Carson.

**Mr. Tim Hudak:** Carson. That's a great name.

**Ms. Victoria Goring:** Thanks.

**Mr. Tim Hudak:** She's a sweetheart, and lots of energy.

**Ms. Victoria Goring:** Yes.

**Mr. Tim Hudak:** I have a question I had for you. My colleague Julia Munro, as you know, is the critic for Children and Youth Services. I think you were getting on to the topic that she wanted me to ask about, the full-day learning. You said you were concerned it would destabilize the existing system. Did you want to extrapolate on that argument a little bit?

**Ms. Jenny Robinson:** I wouldn't call what we have a system. I would call it a network of service.

The full-day learning for fours and fives is an important part of a system builder, and we completely encourage the government to go forward with that piece, but it needs to be implemented properly. It needs to be implemented in the framework of a system and not just for fours and fives.

You have to understand that we have to build a system for infants to children under the age of 13. It can't just be for four- and five-year-olds. It's part of a whole system. It needs to be done in the complement of a full system.

**Mr. Tim Hudak:** There's a major difference between the way a child is treated, if I understand it correctly, if she is in a daycare as opposed to moving into full-day kindergarten, for example, in terms of teachers versus daycare workers; the class sizes are different; the ratio of staff to students.

**Ms. Jenny Robinson:** My understanding is that the commitment from the McGuinty government is for full-day learning for four- and five-year-olds. We don't use the word "kindergarten" because that's not where it's being led. But the existing JK/SK programs, certainly, are under the proviso of the Education Act, and the Day Nurseries Act is a different piece of legislation with different ratios and different care needs. Wherever full-day learning for fours and fives is delivered, it needs to be focused on the child's development. When we're dealing with younger children, we know that lower ratios work better for developmental education for them—if that answers your question.

**Mr. Tim Hudak:** I guess I'm not—maybe I'll be more specific. I'm asking, what's your preferred approach, then, for full-day learning for four- and five-year-olds? What's the appropriate setting? Which act should be predominant, or a mixture of the two? What's your ideal model for it that you'd recommend?

**Ms. Jenny Robinson:** Our ideal model is that it's part of a system of early learning and care for children in Ontario that services all children from zero to 12—infancy to 12—and that it's done in a way that is focused on children's and families' needs. We've produced a paper—you can see it on our website—that outlines the position that we have, but it's significantly focused on system building because what we don't want is a one-off program that destabilizes a fragile system and further reduces wages and things like that. We really would like

to see what we have built upon. We don't want to see any losses or any unexpected results. We think it's a good idea.

**Mr. Tim Hudak:** Do I have time? A small amount of time?

**The Acting Chair (Mrs. Linda Jeffrey):** A little question—a minute.

**Mr. Tim Hudak:** To make sure I understand, what's the concern about destabilizing? What would pose that risk of destabilizing the system? What wrong decision?

**Ms. Jenny Robinson:** Well, we have to look at service provision. You can't ask child care to suddenly move around with big populations of children, on a dime. You have to do it slowly; you have to implement properly. It has to be targeted. For example, many provinces across the country actually have measurable targets for the children. This UNICEF report is an excellent example where you see a systems approach where you have 25% of children under 3 having subsidized service, where you have 80% of children who are 4 years old getting service as well. Those are the kinds of big benchmarks that we're looking at. I don't know how Charles Pascal is going to unfold this. I'm looking forward to seeing how he's going to suggest it.

**Mr. Tim Hudak:** Okay. Thank you.

**The Acting Chair (Mrs. Linda Jeffrey):** Thank you very much for being here today.

## ONTARIO TRUCKING ASSOCIATION

**The Acting Chair (Mrs. Linda Jeffrey):** Our next delegation is the Ontario Trucking Association.

Welcome. Thank you for being here today. If you could say your name for Hansard and the organization you speak for, when you begin you'll have 10 minutes.

**Mr. David Bradley:** Sure. I'm David Bradley and I'm president of the Ontario Trucking Association. I'm certainly not as cute as Carcy or Carson or whatever her name was, but I hope—

*Interjection.*

**Mr. David Bradley:** Yeah, some may think so; my mom certainly does, anyway.

I know it's been a long, long day for you so I'll try and keep my remarks brief. If any of you have been sitting around this table the last few years—I know some of you have—what I have to say has been similar. Trucking is a very good—in fact, I'm a trained economist and I still think what's happening in the trucking industry is the best leading indicator of economic activity there is.

Mr. Sousa, you were talking about that we may be—or an impending recession. Well, I can tell you unequivocally that we've been in a freight recession in Ontario for at least 18 months. When I appeared before the committee last year, I talked about a freight recession and the year before that the signs were there in terms of what was coming. Nobody could have foreseen the depth of the problem that we've had since the financial crisis in the US, which has clearly exacerbated things and launched us into a worldwide recession, but again, from a freight



perspective, from the point of view of moving product and manufactured goods, Ontario has been in the soup for quite some time now.

1700

How has this been visited upon the trucking industry and, through us, a reflection of the economy? For example, cross-border shipments: Ontario is an export-based economy and 86% of our exports go the United States; 75% of that moves by truck. This year, we'll see 600,000 fewer cross-border trips by trucks across the Ontario-US border. We'll have reached, by the end of this year—we're there now, but obviously by the end of the year—our worst performance in 11 years in that regard. So that's a pretty good indicator of the lack of traffic and, particularly, the lack of southbound traffic that we've seen moving. Initially that was a reflection of the dollar and impacts on the competitiveness of our manufacturers, but it's also an indication of the fact that our biggest customer simply isn't buying. That's obviously reflected in declining profit levels in the trucking industry. In a good year, our profit margins are about 4% or 5%. They're razor-thin or nonexistent now. We will record this year, our second year in a row, record bankruptcies in our industry. That's across the broad spectrum: big, small and everything in between.

We also support a major sector of services, providers and manufacturers for our sector. We've seen that dwindling over the years, but over the course of the last year we've seen the closing, now—coming in March—of the Sterling plant in St. Thomas, Ontario, throwing 1,300 people out of work. The Navistar plant in Chatham just recently, of a workforce of about 900, laid off 470 more people, so more than half of the workforce there. It's a pretty gloomy situation. Heavy truck sales in Canada this year are down 5% after being down 30% last year. The trailer market in North America, including Ontario, is stagnant at best.

Quite frankly, at this point in time we don't see a whole lot of light at the end of the tunnel. Like most people, we're hoping that some time in 2009 we will turn the corner, but after we get through this Christmas period—we always have a downturn in economic activity and I'm quite concerned about what the first quarter of next year is going to bring.

So what do we need to do to get out of this? I think the government has already made signals in terms of investment in infrastructure. Clearly, we think that is a good idea. We would urge strategic investment, however, and focus that on our key economic corridors, at least in terms of highways and bridges. Perhaps the biggest bang for the buck would come out of the situation in Windsor. However, I'm concerned, given that we don't have a final decision even at this point or the final green light, that it may be some time before the shovels get in the ground on that much-needed project.

Beyond that, I think what we need to do—and the recession in the US is the first consumer-led recession that we've seen in a long, long time. Obviously, the Ontario consumer is also retrenching. We need to find ways

to get consumers and businesses purchasing and investing again. I'm sure you've had lots of people come up and talk about tax breaks for this industry or that industry, and I can only talk about trucking, but from a transportation point of view, trucking is the biggest single contributor to the gross domestic product of Ontario of any of the freight transportation modes.

I also think we have a legitimate and long-standing issue where the taxation of business inputs in the transportation sector puts us squarely at a competitive disadvantage not only with our competitors in Quebec to the east, where they have harmonized their provincial sales taxes on trucking with the goods and services tax, but also to the south. Michigan, for example, has for a number of years exempted—state sales tax is not applicable on purchases of heavy trucks that are used in interstate commerce. We have argued before this table for several years that we think that the best approach would be for Ontario, if not to harmonize with the GST—for us that would be optimal, because we're dealing with three tax systems now on our equipment—to introduce a value-added form of taxation; really, there is no argument against that. That is the way you should be taxing business input, and we need to find a way to do that.

Obviously, it appears to us the government doesn't have an appetite for that at the moment and that it would take some time. So I think we need to take a leaf out of the book of things that have worked in the past, but again, things that are not only going to help us in the short term, but will help us over the long term to not only meet our economic goals as an industry, as government and as the province's economy, but that are also going to help us meet our environmental and safety goals, which should not be lost in the economic chaos that we have at the present time.

We pay an exorbitant amount of tax, both provincial sales tax and something called a multi-jurisdictional vehicle tax, on all new trucks and trailers purchased in the province as well as some of our repair, labour and services, and those sorts of things. This is precluding us, in these very tight credit conditions from this point in time—making it even more difficult for us to invest in new equipment, in smog-free engines that are coming into the marketplace, and fuel-efficient devices that are proven technologies that work today to help us to improve our fuel efficiency and therefore reduce our greenhouse gas emissions.

What we're asking you to consider for this year would be a short-term—and I don't know what term that would be, but during these difficult times, to provide some sort of tax relief and exemption from the provincial retail sales tax and the provincial multi-jurisdictional vehicle tax on the purchase of new tractors and trailers, and of fuel-efficient technologies, such as auxiliary power units that mean that you don't have to burn fuel when the truck driver is trying to sleep at night in his bunk, and of low rolling resistance, fuel-efficient tires. This is a new generation of tires and aerodynamic fairings which help the truck to improve its fuel efficiency.

All of these are good things. You might ask me, "Why aren't companies investing in those things?" The fact of the matter is, there is just no capital. These things are expensive, and it's very difficult for us to go to capital. You heard the bankers association. There may be credit available, but I can tell you that it's at an extremely high price. The trucking industry has been on a credit watch now for two years. So, where other people are catching up to us, we've been there.

With that—

**The Acting Chair (Mrs. Linda Jeffrey):** Mr. Bradley, you have a minute left.

**Mr. David Bradley:** I'm going to finish up now.

Again, I think what I'm proposing here—and if you look at our papers—not only makes sense in the short term, but it's a consistent and reasonable way to approach the taxation of business inputs in our sector. Lower corporate tax rates and those things are great in industries where they earn a significant profit. In low-margin industries like trucking, lowering the corporate income tax rate—we like it, because we hope it'll attract business investment into Ontario, but in terms of our own financial situation, it really doesn't do very much for us.

With that, I'll close, and I'm happy to take any questions.

**The Acting Chair (Mrs. Linda Jeffrey):** Thank you, Mr. Bradley. The round of questioning goes to Mr. Prue this time.

**Mr. Michael Prue:** Thank you very much. I think what you're asking for is eminently doable and probably a good thing, but I want to find out—you've given us this enviroTruck. I just want to find out which parts of these things you put on a truck that make it more environmentally friendly, how many of them, are made in Ontario? As an example, a speed limiter activator—is that made in Ontario?

**Mr. David Bradley:** That's already a built-in microchip on any truck engine. As I said earlier, presently, there are only two heavy-truck manufacturers left in Ontario, and one of those is disappearing in March of this year. On the trailer side, there are four or five trailer manufacturers left in the province, and I can tell you that they are suffering at the present time. There is a host of manufacturers of the auxiliary units that we're talking about—the devices to improve fuel efficiency. There are many small manufacturers in Ontario right now that are capable and are manufacturing those, so it would have a spinoff effect. Unfortunately, I don't think we're going to get the Sterling plant back in St. Thomas, and that's a shame. That's a reflection not only of the slowdown here, but the fact that North America-wide our industry is now suffering with the downturn in the US.

1710

**Mr. Michael Prue:** You anticipated my question. There have been some suggestions that one of the things the Ontario government might do to stimulate business and manufacturing in Ontario is to drop the sales tax on Ontario-manufactured goods. We would forgo a little bit of money, but people would say, "Okay, I'm going to

buy that one because it's minus 8%." That's what I'm trying to find out. Is there something—

**Mr. David Bradley:** Certainly it would help. As I said, we do have a credit crunch. But at the same time we've not been able to re-equip our fleets for about two years now, and that's not a good thing; it's not a good thing not only in terms of safety and fuel efficiency but in terms of preventive maintenance and those sorts of things. Once the warranties start to come up, you really want to move into new equipment, and we haven't been able to do that. So, yes, it would provide some stimulus.

I just want to make the point, though, to separate us from manufacturing for a second: The manufacturing sector in Ontario, the agricultural sector and most others in the province do not pay sales tax on their business inputs the way we do. The more we purchase, the more we invest in safety and the environment, the more tax we pay. It just doesn't make any sense.

In terms of lost revenue to the province, we're not buying tractors and trailers now. The fact is, it's really a zero-sum game in that there wouldn't be a lost revenue. If anything, it might spur on the manufacturing, and then you'll get the velocity of money moving through the economy. But at this point in time we see it as really a no-lose.

Again, there are some exciting things on the enviro-Truck. We're moving now; we are in the generation of the smog-free truck. The exhaust coming out of the tailpipe of the trucks is actually going to be cleaner than the air in Metropolitan Toronto by the end of 2009. That's a fact. I wouldn't suggest that you go up and try to necessarily put your mouth to the tailpipe, but that's a fact.

But there is an interesting thing about that technology, and that is that it comes with a fuel efficiency penalty. It's just the state of the art. So we need to have these other devices to be able to win back the fuel efficiency we're going to lose by going green, which is an odd sort of thing. There are lots of reasons, we think, that speak to doing something in this regard.

**The Acting Chair (Mrs. Linda Jeffrey):** Thank you very much.

## ASSOCIATION OF ONTARIO HEALTH CENTRES

**The Acting Chair (Mrs. Linda Jeffrey):** Our next delegation is the Association of Ontario Health Centres. Welcome.

**Ms. Adrianna Tetley:** Thank you, and good evening.

**The Acting Chair (Mrs. Linda Jeffrey):** I'm sure you've heard the drill before. If you could say your name and the organization you speak for for Hansard, and you'll have 10 minutes.

**Ms. Adrianna Tetley:** Adrianna Tetley, executive director, Association of Ontario Health Centres. Thank you very much for the opportunity to speak. I know I'm third-last and it's been a long day, so I'm going to actually be speaking on six specific issues and trying to



go through them very quickly. Before I start, we represent 110 emerging and existing community health centres, 10 aboriginal health access centres and 26 community family health teams. That's the perspective from which I'm speaking today.

The first thing I would like to do is to congratulate the government on the poverty reduction strategy, as far as it has gone to date. But we are very concerned that there aren't any timelines or commitments in the 2009-10 budget, and we would very clearly like to ensure that this budget sets specific guidelines for all of the commitments so that it actually happens between 2009-10 and 2010-11.

We are particularly concerned with the oral health initiative. It was actually announced on March 17, 2008, by the Premier to flow in 2008-09. It was deferred to 2009-10, and we're concerned that without a very firm commitment, it will get deferred again. As well, it was reannounced in the poverty reduction strategy last week, but at that time it said that it would be flowed through public health units. In the Premier's announcement, it actually said that it would also be implemented through community health centres, and the current poverty reduction strategy was silent on that. Clearly, we would like to go back to the point of ensuring that community health centres are seen as a vehicle to implementing the oral health strategy.

We have three recommendations related to the poverty reduction strategy.

One is that there be clear timelines set for each of the commitments.

The second is that in 2009-10 specifically, the Ontario child benefit reach at least 50% of its mature value; that the \$45 million for oral health be started to flow this year and that it be flowed as well through community health centres; that \$100 million for the existing public health stock be implemented; and that the minimum wage be increased to \$10.25.

We have other commitments. We also feel that this is phase one of a poverty reduction strategy, and like the speaker I heard a couple of turns ago, we feel that there needs to be a phase two, and part of that phase two has to include child care, because without child care we're not going to really address the issues of child poverty.

The next set of recommendations and discussions is around equity across primary health care models. The community health centres and the aboriginal health access centres were very pleased to get the 2.25% increase in stabilization funding, but we only received that news in November 2008. It is retroactive to April 1, but the concern that we've got is that we received this information quite a bit later than the rest of the LHIN health service providers, and at this point for 2009-10 and 2010-11, the community health centres have been told that they have a 0% increase for stabilization funding going forward. All of the other community-based organizations, the community care access centres and the hospitals have been given planning targets for 2009-10 and 2010-11. The CHCs and the aboriginal health access centres have been given zero. So the question is begged, why the dif-

ference? What is happening? Why are CHCs being flat-lined when all of the other LHIN health service providers are actually being given an increase in terms of their targets? Our recommendation is that the government provide a stabilization fund increase for CHCs and AHACs equivalent to other community-based, LHIN-funded health service providers for both 2009-10 and 2010-11.

The third recommendation area is on the issue related to aboriginal health access centres. In the throne speech in 2007, the government committed to reviewing the second-class status of the 10 aboriginal health access centres. We submitted a report in 2005—the title is listed there—which basically documented that the AHACs are underfunded compared to CHCs, and we have gone on record calling them second-class CHCs. There is a \$15-million shortfall when you compare how AHACs are funded, compared to community health centres. This government committed to reviewing it in 2007 and our strong recommendation is that in 2009-10, the \$15 million be allocated to AHACs so that they're funded equitably to the way that CHCs are funded.

The fourth area is in relation to compensation related to nurse practitioners. There's a large salary gap between nurse practitioners funded in community health centres and other community-based organizations, as compared to both public health and hospitals. This gap is widening and it is a difficulty in terms of retention and recruitment of NPs in our sector.

In addition, there have been reviews done in terms of the scope of practice of what nurse practitioners can do compared to physicians. Basically, the studies are showing that 67% to 85% of what a doctor does actually can be done by a nurse practitioner. In another way, I've heard a family doctor say that 75% of those they see in a day could be seen by a nurse practitioner or a nurse. If we're talking about doctor shortages, there's a huge issue that we need to address in terms of using nurse practitioners to their full scope. However, as we're seeing family physician salaries increase, the gap between NP salaries and physician salaries is now a chasm—it's not even a small gap. Our recommendation is that there actually be a full review of NP salaries and compensation and that there be some targets set within the 2009-10 budget to start addressing that shortfall in terms of the gap.

The fifth area I want to speak to is the issue of pensions. I'm not sure how many are aware here, but the lack of pension for community-based primary health care, including community support associations and mental health and addiction, is actually a barrier to the government's goal for integration. There are two examples in my report. One shows where they were trying to move a diabetes education program from a hospital to a community health centre. What was the big, significant barrier? The nurses, the dietitians, the nurse practitioners did not want to give up their 20 years in HOOPP to come and work at a CHC and see a reduction. So there's a huge barrier. In another case, we had a northern rural CHC

finding a position difficult to fill. They were ready to sign on the lot, they wanted to come and work at a community health centre, and their financial person said, "You're nuts. You cannot leave your HOOPP behind. You're going to pay for this in your life and you need to deal with it." So we must have a compensation pension strategy for community-based primary health care. Currently, CHCs are funded at 20% benefits. That is insufficient to pay the gap between what community health centres provide for benefits and what the cost is for going to HOOPP.

We are currently doing a review of our CHCs to say what the actual funding gap is, because our community health centres do provide RRSP contributions. So what is the gap between that and HOOPP? In one CHC alone, we're looking at \$100,000. So when people say, "We'll move away from line-by-line. You figure it out"—a \$100,000 gap, if we were to move to HOOPP, would mean that there would have to be cuts in services. So what we're looking at is a one-time catch-up in order to allow people to pay that difference, so that we can end up having a pension for community health care workers. For us, it works toward achieving one of the government's goals of integration.

1720

The other area that I want to address is the whole issue of stimulating the economy. We've been hearing a lot about that today. We think that there are a lot of ways to stimulate the economy, particularly with infrastructure and capital investments. When you look at the two reports that you have on your desk on poverty reduction and the roots of violence, both of them are making recommendations on the need for multi-service hubs in the communities. In some cases, CHCs and other multi-service organizations could help with the integration goals of the government by putting things under one roof and then sharing office expenses; and in other cases, building CHCs, which could have recreation facilities under one roof, could be part of the solution in communities where there is a lack of services.

There are opportunities in this economic downturn to think about how you're going to implement your poverty reduction strategy, the roots of violence recommendations, the United Way hubs into Toronto that you've heard about, and your integration objectives—by changing a policy that will allow CHCs to come together with other multi-service agencies to put forward proposals on how they can bring these people under one roof.

We have many new CHCs on the books right now—21 new CHCs, 17 satellites—in various stages of opening their doors, and many of them just starting the capital process. There are opportunities here to open up the books and allow multi-service agencies to come forward and to make submissions. Currently, the CHCs are not allowed to do it. So we're asking for a change in the policy to allow multi-service agencies to come forward with proposals.

As well, there are currently several CHCs with infrastructure that is old and outdated. If they actually went in

under health and safety and physical access issues, many of our CHCs would not meet the standards. Again, as part of the infrastructure stimulation package that this government is going to put forward, hopefully, I'm suggesting that they design a program for community infrastructure that meets the needs of integration, that meets the needs of your roots of violence proposal, and that meets the poverty reduction strategy.

So, those are six proposals—and I think I spoke very quickly—of areas that we will be doing a fuller submission on, which I wanted to bring to your attention today.

**The Chair (Mr. Pat Hoy):** Thank you very much. This round of questioning goes to Ms. Aggelonitis.

**Ms. Sophia Aggelonitis:** Thank you very much for coming. I found your presentation both interesting and very thoughtful. You have some great suggestions in here.

As you stated and as many people have stated today, we are looking at many different ways of how we can create a budget that works for as many people as possible. Of all of the things that you've presented here today, what would you say is the one priority that we must look at?

**Ms. Adrianna Tetley:** I think I would answer it in two ways.

One thing—and some people say it's not even self-serving. A professor from U of T was on CBC Radio the other day, and he said that if we eliminated poverty in Ontario, it would be equal to the impact of finding the cure for cancer on the health care system. We know that the social determinants of health are such a key issue around driving the costs. We believe very strongly in the second stage of medicare, which means that we have to deal with the determinants of health—it is poverty. Having said that, I think that doesn't directly affect our own sector—it does, in terms of the work we do. But I have to say, if we're looking to the interests of Ontarians, the poverty agenda needs to be addressed.

Having said that, I think there are two huge issues, because as we're dealing with poverty, we are dealing with the underfunding of the AHACs. This is the aboriginal population, who are facing the biggest poverty in our area. We have come forward three times to say there needs to be equity—in fact, the challenge is even beyond this. We need an aboriginal primary health care policy for this province. There isn't one. The 10 AHACs that were funded in 1994—and there has been no expansion since then; there's been no funding since then. We really do treat our aboriginal populations as second class. I would have to put that up there as well. That's two.

**Ms. Sophia Aggelonitis:** That's all right. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Ms. Adrianna Tetley:** Thank you.

#### ONTARIO NURSES' ASSOCIATION

**The Chair (Mr. Pat Hoy):** Now I call on the Ontario Nurses' Association to come forward, please. Good after-



noon. You have 10 minutes for your presentation. There could be five minutes of questioning. I would ask you to identify yourself for the recording Hansard.

**Ms. Linda Haslam-Stroud:** Thank you very much. My name's Linda Haslam-Stroud and I am president of the Ontario Nurses' Association, which represents 54,000 registered nurses and allied health professionals who work in hospitals, long-term-care facilities, industry and the community.

I guess I got the short end of the straw since we're kind of at the end of your third day here, but I appreciate the time you're giving me. I've given you a submission. The first page is a highlights summary and the rest of the submission would provide you some of the research and background material on what I'm going to be talking to you about today.

I wanted to talk to you specifically about why, when you're looking at the challenges of developing your budget, we believe that we have to be very cognizant of the budgets of the hospitals coming up in the next fiscal year and why we should not be balancing those budgets on the backs of nurses and our patients. We believe it is the wrong policy, and we believe it's the wrong policy at this time, even considering the economic realities that we have. We think it's the wrong time because access to health care continues to be one of our top priorities for all residents and certainly in every community across Ontario. We also believe that it's the wrong policy because access to health care includes nurses at a time when we have a critical shortage of nurses in the system, and knowing that our patients more than ever are depending on the health care system for their health care needs.

Access to health care has been compromised already when nursing hours have been reduced. We're beginning to see that spread across the province. Certainly, in listening to the Hansard each day and reading the scripts, I know that that's been part of the discussions that you've been having. It appears that there are reductions happening across Ontario, and we are hearing daily of nursing reductions, specifically in hospitals, but it's also transcended over into public health as well.

Every full-time nurse that is reduced is equivalent to 1,950 hours of nursing care that our patients are not receiving. Certainly, we know that there has been a delay in the 9,000-nurse implementation over an additional year, which we are concerned about, as you probably are already aware, because these may be short-term savings, but they may be long-term costs to the government.

The simple fact is that health outcomes for Ontarians suffer when there aren't enough nurses to provide care, and we are putting our patients' health at risk. You will see in the data that we've identified the scientific studies that very clearly show that for every extra patient added to our workload, our morbidity—that's complications—and our mortality, which is death rates, increased by 7% for our patients. There is also strong evidence that a nursing staff mix with higher proportions of registered nurses actually reduces mortality rates.

Another factor, as you probably are aware, is Ontario's aging workforce. We now have more than 24,000 registered nurses, or one quarter of Ontario's RN workforce, who are eligible to retire now or in the very near future. Instead of cutting and reducing nursing hours, we should be working hard to retain each and every nurse in the system. That is why we're also asking for confirmation that the funding for our late career initiative that is going to encourage the retention of that scarce supply of nurses continues in 2008, which hasn't been determined, but also moving forward into 2009, which I know that you're looking at.

We believe that nurses are the experts on patient care and we should be consulted prior to any plan in nursing reductions that is being contemplated. I'm really speaking about the hospitals. The Public Hospitals Act does provide for each hospital to have what we call a fiscal advisory committee and it actually identifies that staff nurses are to be represented and we are to make recommendations to hospital boards with respect to operations, use and staffing. I can very clearly tell you that the majority of the hospitals are presently not complying with that legislation. We also urge you to take action to ensure that a fiscal filter that we have in place, with the appropriate people at the table in the hospitals, be looked at, because the act is not being followed and we believe that we could provide some very critical suggestions when we're debating hospital budgets across Ontario.

1730

Nurses also need help for themselves. Our workloads are—you probably know that we are the most ill and injured profession in the province. That impacts the quality of care that we can provide. We do have heavy workloads; I'm not going to whine to you very much about it. I think you're probably fairly familiar with what's happening out there.

It's difficult for us to plan patient discharges. It's difficult for us to deal with the overcapacity issues that we're having. It's difficult for us with the overcapacity issues that we're having in the alternative-level-of-care beds that are required; we basically have patients in hallways in emergencies across the system. We certainly urge you to look at the proposals that have been brought forward to the Liberal government by, I believe, Dr. Alan Hudson and Dr. Kevin Smith, in relation to alternative level of care.

Heavy workloads also mean that our public health nurses are striving each and every day to try to provide preventive care in the community. But we aren't even able to provide the mandatory programs right now in public health, never mind trying to be proactive in assisting our patients to stay well so that they aren't a further cost to the system. As I mentioned, we have already received notice of cutbacks in Grey Bruce public health.

Heavy workloads and vacancy rates for nurses in our home care sector mean that we are having to tighten up on the amount of home care visits that we're able to provide. At the same time, home care nurses are fleeing

out of the home care sector for fears of the competitive bidding process, which has a present freeze in it. We're looking for some resolution to that because they do not know that there's any job security for them in home care.

You might also know that wage parity in both the long-term care and the community care sectors, specifically home care, has major lags compared to hospitals, which also causes our nurses to move out of that system.

Then, of course, we see community care access case managers, the coordinators of our community health care, having to bargain with each other for minutes of care to try to provide the care that the clients they have in their realm are trying to receive.

The heavy workloads in our long-term-care sector mean that we're left trying, in some cases, to coordinate care for over 200 residents at a time, and the Casa Verde inquest in relation to the deaths of the elderly was very clear in showing that.

We're also waiting for a long-term-care standard and staffing standard. That has not happened. We're also looking at being able to deliver quality care in all sectors, but it is very difficult under the present circumstances, never mind looking at your budget for the upcoming year.

Another area that is highlighted on the first page is in relation to violence and assaults. Three out of 10 of our nurses have experienced physical assaults; four out of 10 have experienced emotional or psychological abuse. We are looking forward to the Ministry of Labour enacting amendments to the legislation that are, hopefully, going to protect us in the workplace. A healthier workplace for health care workers means a healthier environment for our patients.

Just to finish off: The summary is there, but our critical message to you today is, we're urging you to halt the nursing positions being eliminated, whether it's through layoff, attrition or reduction of hours. Our recommendations are submitted with the goal of stopping the cuts to nursing and refocusing the government on quality health care in all sectors. As we look at the economic realities, we believe that it is very clear that if you're going to reduce funding to the health care sector and nurses and patient care, you are going to have additional costs in many other different areas as taxpayers, as we need to pay for the outcomes of those kinds of cuts.

That's my presentation. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to Mr. Hudak.

**Mr. Tim Hudak:** Ms. Haslam-Stroud, thank you very much for the presentation. My colleague Elizabeth Witmer, who is our health critic, enjoys a very good working relationship with the ONA. She asked me to bring up a couple of issues on her behalf. She's back in the riding this evening.

Overcrowding in emergency rooms has become a serious challenge, and it negatively impacts the quality of care that patients receive and lowers morale amongst health care professionals and drains resources from our hospitals. Hallway nursing is another side effect of ED

overcrowding, and it's becoming far too commonplace in Ontario. What is the ONA's view on the prevalence of hallway nursing, and is it a growing concern?

**Ms. Linda Haslam-Stroud:** The overcapacity in emergencies started out being an issue. We now have overcapacities throughout the whole hospital—stick-it notes on the walls, patients without the appropriate oxygen, and everything that goes with that in trying to provide quality care.

I mentioned about the alternative-level-of-care beds. We believe that there are some recommendations before the government in looking at what we can do to address that backlog. If we can move the appropriate patients into the appropriate facilities, we believe that, as a health care system, we'll be able to address the overcapacity, not only in emergency but in the hallways. Our patients are not getting the appropriate care that they deserve. I have to tell you, I'm a surgical nurse by trade, and renal transplant has been my specialty, and it's very disconcerting to me when we have staffing—that we might be short on any given day and we get a call saying, "We've got too many patients in the hallways down in emerg and—guess what?—you're getting two more." There's no staffing available and, therefore, that whole overcapacity and poor quality of care has not only started in emerg but has now transcended to every unit of the hospital.

**Mr. Tim Hudak:** Thank you.

Another topic is the pending hospital deficits and the impact they're going to have on nursing care in the hospitals. West Lincoln Memorial Hospital in my riding, in Grimsby—my constituents use Hamilton Health Care System as well as Niagara Health System, and, sadly, in Niagara we've seen proposals to close down a couple of ERs in Fort Erie and Port Colborne. The OHA had a very sobering presentation here at committee not too long ago about the cuts that will take place with the pending hospital deficits. Do you want to elaborate a bit on what the impact will be for nurses and for care for patients?

**Ms. Linda Haslam-Stroud:** Yes. It's very clear that we're already seeing the cuts that I mentioned. The 2.4% funding provided for this fiscal year is already showing these cuts, as hospitals try and provide a balanced budget to their local health integrated networks. Looking at next year, it's 2.1%, and it's very clear that the OHA and individual hospitals have said—the hundreds of cuts that we already know about today, in your areas but certainly across the province, that is small potatoes, frankly, of what we're going to be seeing in the 2009-10 round. So we are looking at major reductions.

I know we talk about what has happened in different governments, and when I'm listening to the Hansard discussions that are taking place—the reality is that from my understanding of the hospital budgets—and I've been involved in fiscal advisory committees and, actually, a working one—the cuts are going to have to come in the nursing department. The research in our paper very clearly shows that that is going to worsen health outcomes for our patients by increasing morbidity and mortality rates.



**Mr. Tim Hudak:** Could I have another question, Chair?

**The Chair (Mr. Pat Hoy):** Yes.

**Mr. Tim Hudak:** Super. As I mentioned, I represent parts of West Niagara—Glanbrook and upper Stoney Creek, and—

**Ms. Linda Haslam-Stroud:** I'm from Haldimand, so—

**Mr. Tim Hudak:** Oh, there you go. What part of Haldimand?

**Ms. Linda Haslam-Stroud:** York, Ontario.

**Mr. Tim Hudak:** Ah, very good. I've been through York.

Nurses in my riding express a concern about a growing paper burden as well. They tend to be pushing paper more often than caring for patients. What can be done in terms of reducing some of the paperwork burden falling on nurses to allow them to spend more time with patients?

**Ms. Linda Haslam-Stroud:** I think the strategies that are put in place by hospitals—and I've been in the field for 30 years—are trying to address the issues. Unfortunately, it's not being looked at as the bigger picture, to actually address the systemic issues across the hospitals so that new things are done, new care plans are provided. There isn't a real focus on looking at the additional workload that is being put on the nurses.

When it comes to an opportunity for some of the work to be taken off the registered nurse's plate, there are opportunities there. However, what we usually see happen is that, by trying to move that work off onto an unregulated health professional or a less-skilled worker, the work isn't just being moved; there is a reduction in the RN. So, in effect, we're actually losing the front-line care to our patient as well as the paperwork.

It's a challenge, and I think it's a systemic issue that needs to be looked at more globally by our employers instead of in a piecemeal arrangement on trying to resolve the non-nursing duty issue.

**Mr. Tim Hudak:** Terrific. Thank you, Chair.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation.

**Ms. Linda Haslam-Stroud:** Thank you very much. Have a great evening when you finish.

1740

## COMMUNITY LIVING ONTARIO

**The Chair (Mr. Pat Hoy):** And now I would ask Community Living Ontario to come forward.

Good afternoon. You have 10 minutes for your presentation. If you would just state your names for our recording Hansard, you can begin.

**Ms. Dianne Garrels-Munro:** I'm Dianne Garrels-Munro, and I'm president of Community Living Ontario. My colleague is Keith Powell, the executive director of Community Living Ontario. I'm very pleased to be here to make this presentation to the Standing Committee on Finance and Economic Affairs.

In Ontario, there are more than 120,000 people who have an intellectual disability. People who have an intellectual disability and their families face rates of poverty that are far greater than others due to factors such as a history of institutionalization, unequal access to education, low levels of employment and a lack of adequate supports. These factors have combined to create a cycle of poverty and exclusion that can be hard to escape.

The developmental services sector in Ontario provides supports and services to people who have an intellectual disability. For more than 50 years, community living organizations have created and provided these essential supports and services to build community capacity and to promote and facilitate the full inclusion of people who have an intellectual disability in all areas of community life. Across the province, there are 117 local associations that are members of Community Living Ontario.

I would like to start by providing some information on the developmental services sector and where we stand today. During the 2007-08 pre-budget consultations, Community Living Ontario and our partners in the developmental services sector requested \$200 million to be invested. This funding was requested to address long-standing and urgent pressures facing agencies, such as the wage gap between workers in developmental services and workers in other sectors providing similar supports and services. These funds were committed in the 2007 budget, but they were to be rolled out over four years. This delayed a crucial investment to the sector which was urgently needed to address a history of underfunding and longstanding unmet needs.

The investments did not go far enough to calm urgent labour pressures. During the summer of 2007, a large number of collective agreements were aligned to expire and the support workers of seven community living agencies went on strike. The people who were supported by these agencies had to endure the strikes and many had their homes picketed. People were confined to their homes or were forced to move from their homes. Neighbourhoods were disrupted by picket lines and porta-potties. People who had very little power in the negotiations were subject to shouting, megaphones, whistles and other intimidating tactics. In response to the strike, the government took the unprecedented step of negotiating directly with the union to broker a costly settlement.

In October of this year, the Ministry of Community and Social Services introduced an initiative to increase community capacity. Over a short period of time, this initiative will require all regions to increase their capacity by 2% within existing resources. In a system that is already underfunded and facing the pressures outlined above, this initiative will cause some considerable strain and has the potential to reduce the quality of supports that people currently receive.

If, during the coming period, the Ministry of Finance determines that it is necessary to institute an across-the-board reduction in funding for transfer payment services, the initiative that is currently being undertaken by this

sector should and must be taken into account. Current resources are already stretched thin and the quality of supports that are provided to people at risk. Future funding reductions should not apply to this sector.

We are seeking assurance that the multi-year funding that was committed in the 2007 provincial budget, as well as the negotiated salary increases, will continue to be provided in 2009-10. Given that local associations have made collective agreements based on this commitment, it is essential that the government follow through in the provision of these funds.

The government is to be commended for the recent announcement of its poverty reduction strategy. One component of the strategy is to undertake a review of social assistance. We welcome such a review and will be looking for ways that we can contribute. The poverty reduction strategy also announced that the government will work to improve incomes, including those of social assistance recipients. In previous budgets, the provincial government has provided small increases to the Ontario disability support program—ODSP—to roughly equal the cost-of-living increases for the same period. In four out of the last five years, 2% or 3% increases have been provided to reflect the annual increase to the cost of living. These increases follow more than a decade when there was no investment at all in ODSP rates. During this period, an erosion of benefits occurred that, despite the increases provided by the current government, has kept benefit rates 18% lower than 1993 levels.

A comprehensive strategy is necessary to bring the ODSP benefits to levels that reflect the real cost of living in Ontario. An independent committee should be established to examine the benefit rates and to advise the government on where to set them, using rational and just criteria. Benefit rates should be indexed to the cost of living in order to prevent further erosion, such as occurred between 1993 and 2004, from ever occurring again.

Given the current financial climate, we recognize that the government will be looking for opportunities to undertake progressive actions that will improve people's lives without investing new funds. Community Living Ontario recommends three initiatives that the government could introduce without incurring new funds.

First, we recommend a strategy to prevent the picketing of people's homes. This coming March, the collective agreements representing support workers at 58 agencies across the province are set to expire. Community Living Ontario and our partners in the developmental services sector are very concerned that unless action is taken, a situation will develop that repeats the strikes and picketing that occurred in the summer of 2007. It is unacceptable for the personal safety and security of people who have an intellectual disability to be put at risk for reasons over which they have no control. People should not have to endure such a violation of their basic right to peaceful enjoyment of their homes and communities. Clearly, a new approach is needed to ensure that labour negotiations in the developmental services sector do not

result in such violations. We ask that the Ministry of Labour and the Ministry of Community and Social Services work cooperatively to enact a process that will stop the picketing of people's homes. It is essential that the government act quickly so that a solution to this problem can be underway before March 2009.

Second, we recommend that the government move forward with a strategy to ensure that all children have access to inclusive education. All children need to have the opportunity to explore their full potential by being supported to learn with their peers in regular classrooms in regular schools. It is the government's position that "kids should be in classrooms learning together." The reality is that many children who have an intellectual disability are not included in regular classrooms and do not have the same opportunities to make friends and pursue their education. This can lead to lifelong poverty and exclusion. At present, more than \$1 billion is spent on special education in Ontario, yet kids who have an intellectual disability do not have the opportunity to be included in regular classrooms. The Ministry of Education should undertake an initiative to use some of the existing funds that are available to ensure that all kids benefit from learning in inclusive settings and have the supports necessary to be included in regular classrooms, rather than being placed in segregated or specialized programs. Inclusive education plays a major role in social inclusion by forming the foundation for children to develop friendships and learn with and from their peers. It has an obvious influence over long-term employment prospects and overall well-being. Such an initiative could form a major prevention component of the government-wide poverty reduction strategy.

Third, we ask that developmental services be included in the government's plan to invest in infrastructure. We are pleased to see the government's decision to invest in infrastructure projects in Ontario as a part of its overall economic strategy. In the 2006 provincial budget, the economic stimulus initiative made short-term investments for a renewal of all projects and targeted strategic investments into expansion or major renovation projects in developmental services. Short-term funds were received for the renewal of all projects for priorities such as energy efficiency and accessibility. Similar investments into infrastructure renewal in the developmental services sector are needed, and could result in some cost savings through projects that increase energy efficiency and update capital projects. Such projects generate economic activity at a local level that benefits the entire community. We ask that the government direct investments into updating and expanding infrastructure in developmental services sector.

#### 1750

In conclusion, Community Living Ontario recognizes the government's efforts to manage the current financial situation by beginning the budget consultation process earlier this year. This should encourage proactive initiatives that will help the government to work with its partners to weather the difficult economic times.



I thank you for your time, and would be happy to answer any questions that you have.

**The Chair (Mr. Pat Hoy):** And thank you. The questioning will go to Mr. Prue of the NDP.

**Mr. Michael Prue:** A number of groups have come forward since the government's announcement last Thursday—their poverty reduction strategy—to talk about poverty in Ontario and who is likely to be poor. Those with an intellectual disability or other disability are almost always at the top of the list. Do you feel that the government has done enough in its unveiling of the children and poverty strategy to go along the road of what we need to do to help those with an intellectual disability escape poverty?

**Ms. Dianne Garrels-Munro:** It's not as simple as, has the government done enough? We have to change the way all people with an intellectual disability are integrated within our society. That starts with inclusive schools, so money has to be put into inclusive schools.

ODSP, which the young people with an intellectual disability start getting when they're about 18 or 21, depending on all kinds of other factors, has not reflected the true cost of living and is so far from the true cost of living that most people with an intellectual disability have no hope of ever buying a set of clothing that's from a real retail store rather than from Value Village or one of the second-hand stores. There are lots of things that still need to be done in order to ensure that people have a decent cost of living.

Keith, do you want to add something?

**Mr. Keith Powell:** I think you've hit the key point. Over the years, the people we work with who have an intellectual disability tell us that they're living in poverty and that, as an advocacy organization, we must emphasize how important it is that they be able to participate and that they have the means to participate by having a decent level of income.

Employment would be another way to assist with that. We'd like to see what consideration is given in the poverty reduction initiative to employment for people who have disabilities.

**Mr. Michael Prue:** Employment is half the thing, and you've heard me talk about this before. I'm going to ask you again: I have advocated that people who are employed or employable get to keep a goodly portion of what they make and not have half of it clawed back. I've suggested the first \$8,000 should be non-clawable in order that the \$12,000 they get, plus \$8,000, would be \$20,000, which would take them above the poverty line. And that, as a society, is the least we can do. Does your organization advocate similar measures?

**Ms. Dianne Garrels-Munro:** Absolutely. I have a young friend who has an intellectual disability, and Edith has recently taken on a paper route, three days a week, delivering the Oakville Beaver. Because she made so much money delivering her Oakville Beaver three times a week, she only received 50% of her ODSP cheque last month and could not pay her rent. She phoned me in a state of panic. I don't think anybody delivering an Oakville Beaver three days a week is making sufficient funds that half her ODSP should be kept back. If she did not have a friend in the community such as myself who could loan her the money, where would she be? So she has quit the paper because it was not worth it to her.

**Mr. Michael Prue:** All right. So here was someone struggling to get out of poverty, and there's no hope.

**Ms. Dianne Garrels-Munro:** That's right.

**Mr. Michael Prue:** I need to talk here about the future: across-the-board funding restrictions. The government put in 2% last year, but you asked for monies—I'm not sure of the exact amount. You asked for it over a period, right away, and they gave it over a period of four years, which, you said, might have triggered some of the strike action. Is that correct?

**Mr. Keith Powell:** I'll respond. This sector has been significantly underfunded for decades. The evidence shows in wage rates. It's 25% to 30% lower than the MUSH-identified sector. The result is that we cannot attract and hold qualified staff, people who want to have a relationship and a long-term career working with people who have an intellectual disability. It's very difficult for people to have a family-supportive level of income working in this sector. So, for decades, there has been underfunding.

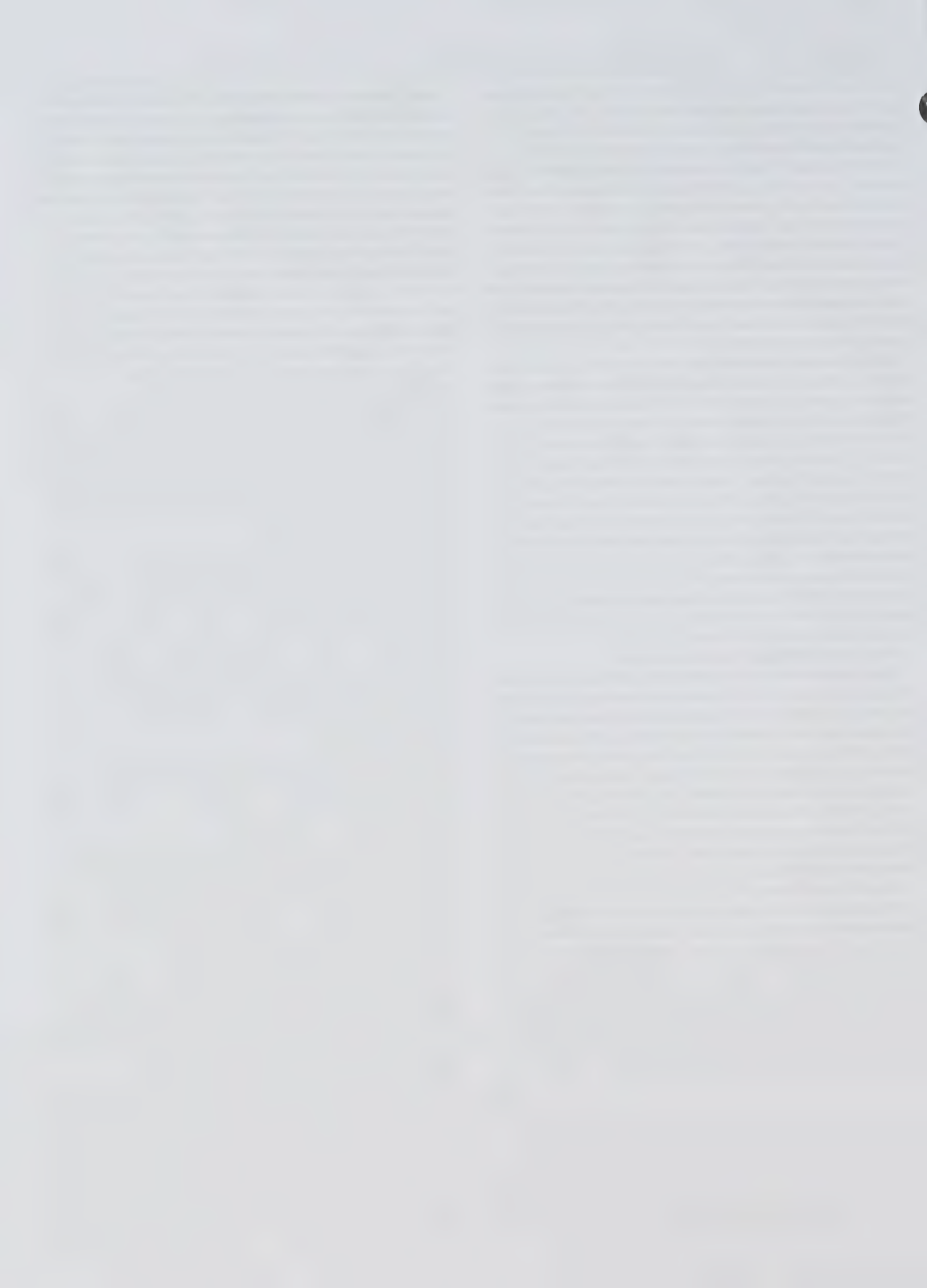
We pushed, when the provincial finances were adequate, that good investments could have been made for a significant readjustment, a catching up to wage levels that should have been in place for years before. An increase was given. We were appreciative of it, but at the time we signalled that it was likely not to be enough in the eyes of those who were earning those wages and have the right to bargain for more. And it did, in our view, lead to the precipitation of the strikes that happened two summers ago.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Ms. Dianne Garrels-Munro:** Thank you very much.

**The Chair (Mr. Pat Hoy):** I remind the committee that the bus will be leaving Queen's Park on Sunday at 5 p.m. We are adjourned.

*The committee adjourned at 1756.*





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## CONTENTS

Thursday 11 December 2008

<b>Pre-budget consultations .....</b>	<b>F-589</b>
Scotia Capital.....	F-589
Mr. Warren Jestin	
Income Security Advocacy Centre .....	F-594
Ms. Mary Marrone	
Ontario Confederation of University Faculty Associations.....	F-596
Dr. Brian Brown; Mr. Henry Mandelbaum	
Ontario Federation of Labour.....	F-598
Ms. Irene Harris; Ms. Sheila Block	
Canadian Restaurant and Foodservices Association .....	F-600
Ms. Stephanie Jones	
United Steelworkers, District 6—Ontario and Atlantic Canada .....	F-602
Mr. Erin Weir	
GS1 Canada .....	F-605
Ms. Lori Turik	
Federation of Rental-housing Providers of Ontario .....	F-607
Mr. David Horwood; Mr. Mike Chopowick; Mr. Vince Brescia	
Canadian Federation of Independent Business .....	F-609
Ms. Judith Andrew; Mr. Satinder Chera	
Ontario School Bus Association .....	F-611
Mr. Angus McKay; Ms. Kathy Joaquim	
Interfaith Social Assistance Reform Coalition.....	F-613
Mr. Brice Balmer; Rev. Jeffrey Brown; Mr. Abdul Hai Patel	
Ontario Cattlemen's Association .....	F-615
Ms. Jennifer Snively; Mr. David Stewart	
Canadian Federation of Students—Ontario .....	F-618
Ms. Shelley Melanson; Mr. James Beaton	
Canadian Bankers Association .....	F-621
Ms. Nancy Hughes Anthony	
Insurance Brokers Association of Ontario .....	F-623
Mr. Bryan Yetman	
Canadian Taxpayers Federation.....	F-625
Mr. Kevin Gaudet	
Ontario Coalition for Better Child Care .....	F-628
Ms. Jenny Robinson; Ms. Victoria Goring	
Ontario Trucking Association.....	F-630
Mr. David Bradley	
Association of Ontario Health Centres .....	F-632
Ms. Adrianna Tetley	
Ontario Nurses' Association.....	F-635
Ms. Linda Haslam-Stroud	
Community Living Ontario .....	F-637
Ms. Dianne Garrels-Munro; Mr. Keith Powell	



CAZON  
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-F31



F-24

F-24

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Première session, 39<sup>e</sup> législature

# Official Report of Debates (Hansard)

Monday 15 December 2008

## Standing Committee on Finance and Economic Affairs

Pre-budget consultations

# Journal des débats (Hansard)

Lundi 15 décembre 2008

## Comité permanent des finances et des affaires économiques

Consultations prébudgétaires



Chair: Pat Hoy  
Clerk: William Short

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Monday 15 December 2008

Lundi 15 décembre 2008

*The committee met at 0900 in the Fallsview Hilton, Niagara Falls.*

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. We are pleased to start our week off in Niagara Falls.

PRE-BUDGET CONSULTATIONS  
NIAGARA SOCIAL ASSISTANCE  
REFORM COMMITTEE NETWORK

**The Chair (Mr. Pat Hoy):** I would call our first presenter to come forward: the Niagara Social Assistance Reform Committee Network.

Good morning. You have 10 minutes for your presentation. There may be five minutes of questioning following that. I would just ask you to state your name for the purposes of our recording Hansard.

**Ms. Gracia Janes:** My name is Gracia Janes.

The Niagara Social Assistance Reform Committee Network is comprised of several front-line agencies, organizations and individuals from across Niagara, such as Oak Centre in Welland, Project SHARE in Niagara Falls, the St. Catharines and District Council of Women and Start Me Up Niagara in St. Catharines. Our network was formed in 1988 to monitor and support the progressive social welfare reforms of Judge George Thomson's Social Assistance Review commission which were introduced by the Liberal government of David Peterson, continued by the NDP government in the early 1990s, abruptly halted by the Conservative government in the spring of 1996, and still struggling to make headway today.

Now, however, with the release of the government's poverty reduction plan, *Breaking the Cycle: Ontario's Poverty Reduction Strategy*, there may be a chance, with hard work by the Minister of Community and Social Services and, very crucially, significant social investments in the spring budget, for a turnaround in public and government attitudes and in the government's commitment to the kind of society envisioned in Judge Thomson's Transitions report that "all people in Ontario are entitled to an equal assurance of life opportunities in a society that is based on fairness, shared responsibility, and personal dignity for all."

The province is to be commended for its intent to legislate a poverty reduction strategy and the initial

ambitious target of reducing family and child poverty by 25% in five years, but also its plans to invest in a community opportunity fund, for stable funding for rent banks and social housing infrastructure and repairs, to make fairer welfare rules and enhance employment standards enforcements, and to remove RGI and OSAP barriers to financial independence.

We urge the government of Ontario to act immediately, inclusively and substantively to meet its initial targets and to forge well past them as quickly as possible, helped on by provincial budgets, the first being that of spring 2009.

This is particularly urgent for single employable persons, marginalized communities, persons struggling with mental health challenges or disabilities, the homeless and those living in substandard housing, isolated rural residents in need, parents without adequate child care and for the thousands of Ontarians who stand to lose their jobs, homes and even family cohesion in the turbulent economic crisis we now face.

We haven't time to hold back on provincial changes and investments for another round of lengthy consultations. The SARC Network reminds the committee that it has been 12 years since the initial deep welfare cuts were made. Until very recently, promised action has been excruciatingly slow in unfolding; for example, the Liberals' 2003 promise to stop its clawback of the national child benefit supplement from social assistance recipients, which is just happening now.

Since 2003, there have been at least two lengthy consultations on welfare reform and, despite some progressive welfare rule changes, some small incremental increases in welfare rates and the minimum wage, a flow-through of the NCBS percentage increases, the new Ontario child benefit and, finally, a halt to the NCBS clawback, the end result to date has been negligible in the lives of those who need help the most. They will continue to struggle to pay the rent and feed the kids properly and will rely on food banks, community goodwill and hard-pressed service agencies.

In fact, over 12 years, mainly in good economic times, we have not caught up with the 21.6% cuts of 1996 and the at least 28% increase in the cost of living. Today, hundreds of thousands of persons receiving assistance, 40% of whom are children, are barely subsisting and are on a downward economic spiral.

We draw the committee's attention to the following shocking facts:

While social assistance rates have increased since 2003, they still have not reached 1992 levels. Between 1992 and 2007, the National Council of Welfare calculates that a lone parent's welfare in Ontario declined by \$5,500, or 25%, from \$21,931, and a couple with two children lost 28%, or \$8,150. A fair portion of this loss has been the provincial clawback of the national child benefit supplement, which some provinces did not claw back.

Extremely low welfare rates leave a single employable person \$101.49 behind each month in Niagara. There has been a dearth of investment in new affordable housing, supportive housing, community health services and agencies, child care and other employment support programs. In Niagara we still have the same number of people waiting for housing as we did years ago; it just seems to stay—and actually it's increasing now.

There is a lingering belief, even now, that people receiving assistance don't wish to work and that to provide adequate welfare rates would be a further disincentive. It is also felt by some politicians and the public that one must break the cycle of poverty—despite the fact that the average length of time people receive welfare, in Niagara at least, is 13 months—thus implying that all people receiving assistance are in some type of addictive state of being rather than struggling for survival. A great number are in this situation because of circumstances much like what we will be seeing because of the recent economic downturn: lost job, increased debt, lost home, lost partner, or ill health. In Niagara this has shown up in recent caseload increases: In October the case-load soared 16%.

The Niagara SARC Network cannot speak too strongly in favour of investments in social welfare. This may appear to be an impossible task, given the abysmal state of the economy; however, a very wide range and diversity of economists have stated that this is the very time one wants to invest in people and their needs as this money does not fly to tax havens but straight to local economies. Until very recently the government has failed to act expeditiously in good times and now, with the threat of even more people falling upon tough times, action is unavoidable and could well provide the stimulus needed to help in the extreme economic downturn.

We urge this committee to recommend that the government invest not just in the programs that have already been announced by the Ministry of Community and Social Services in this plan or earlier, but also to make substantive investments as supported by the 25 in 5 Network, the ODSP Action Coalition, the SARC Network and others, such as:

- a \$100-a-month food supplement in 2009 to alleviate chronic cycles of hunger experienced by adults receiving social assistance;

- an indexed Ontario housing benefit for all lower-income families and adults to ensure that shelter costs do not exceed 30% of gross income;

- an immediate increase in the maximum Ontario child benefit payment to \$1,500 per child, indexed;

- adequate core funding provided directly to child care centres and an improvement in the wages and

benefits of child care workers, as well as a development of a public investment plan to expand non-profit child care programs;

- dental, drug and vision coverage to low-income workers;

- further increases in social assistance rates, tied to the rate of inflation, in order to pull people above the low-income cut-off rate, as Newfoundland has managed to do despite not having targets. They're moving towards adequacy at this point in Newfoundland;

- an increase in the minimum wage, to a living wage;

- investments in mental health services for youth and in many areas of Ontario, such as Niagara, mental health centres for all ages, with a program to ensure that people get the help they need when coming back into the community;

- initial and ongoing substantive catch-up investments in affordable housing of 8,000 units per year over the next several years;

- multi-year investments in public transit, which are particularly needed in areas such as Niagara, where many communities are rural and getting to public services, medical appointments, work, community events and friends and family is hard and sometimes impossible to access for those on low income;

- an allowance for the retention of earned income for those in receipt of social assistance until a person is able to be truly independent;

- an investment in people with disabilities. Too many people with disabilities live below the poverty lines and investments need to be significant, made early on in the government strategy and include not just families and children, but also singles and couples.

These investments will be worthwhile over the long term through increased employment—and taxes—as well as a better-educated, healthier public and monies flowing directly into communities for food, housing and other goods that most people would find intolerable to do without; for example: a phone, a car that can get one to work, to medical appointments and to see friends and relatives. We note that in Quebec the low child care rates of \$7 per day have allowed many parents to re-enter the work force. The taxes they pay go a long way towards covering the cost of the program.

Finally, as you consider the spring's provincial budget priorities, consider these questions:

How much income per month would you need, as a single employable, to rent, eat, and find a job? Compare this with the meagre sum allowed.

How is the income from social assistance and ODSP spent, and who benefits from it?

#### 0910

How much is the province forgoing in taxable income and economic potential when increasing numbers of Ontarians are jobless or working at less-than-poverty wages?

How can a child learn properly, or be part of the community, if he or she goes to school hungry; has witnessed his or her family being evicted; is constantly tired due to



cramped sleeping quarters; knows and is ashamed that he or she can't invite friends home due to home conditions; is not able to afford a class trip; and (f) is teased for being poor?

Could you find or keep a job if you didn't have a phone, had a front tooth missing, lacked public transit and had no child care?

How can the government help in changing attitudes to those needing social assistance?

Shouldn't the province invest in its future now to ameliorate immediate, and avoid long-term, costs of poverty, physical and mental ill health, poor education, joblessness and reduced community investments on food, housing and taxes? Why wait?

And if you would pay attention to the background regarding Niagara, because this is a very special place. We've been on a downward trend for awhile now.

In December 2007, there were 5,558 children receiving social assistance through Ontario Works—

**The Chair (Mr. Pat Hoy):** You have less than a minute left.

**Ms. Gracia Janes:** Good; I'll get through—and in 2008, 15,000 individuals, of which one half are children, received social assistance. The number of persons losing jobs in Niagara has steadily escalated in the past few years, one of the latest being John Deere, and there's been another one since; there's a whole list there. At John Deere they lost 800 jobs.

Niagara had an increased number of bankruptcies filed from 2007 to 2008, up by 11.5%.

GM employment has fallen from a high of about 11,000 in 1981 to less than 2,700 in 2008. Most recently, unemployment in Niagara jumped to 8.2% in November, which is well above the provincial average of 6.5%.

**The Chair (Mr. Pat Hoy):** This round of questions goes to the official opposition.

**Mr. Ted Arnott:** Thank you very much, Ms. Janes, for your presentation. Particularly the local situation that you've described is very helpful because, if we don't travel as a standing committee, we don't hear that. We don't hear what's happening in some of the local communities without this opportunity to hear directly from you, so thank you for that.

You focused on the need for adequate income security for families in this time of profound economic challenge or recession. Certainly I agree that the government needs to ensure that its safety net programs are there for families who are facing these kinds of challenges, as we all are. I wanted to ask you, though, about job training, because that's an important component. If people can be trained for new jobs when the economy recovers, obviously the government is doing the right thing in that respect too. Do you think that the job training programs that are available in Niagara region are adequate right now, and do you see any areas where you could suggest improvement?

**Ms. Gracia Janes:** It's not my area of expertise—I wish I had my employment help person who works for our network here—but we have a number of agencies

working on this, and I think that they have been working very hard, in difficult circumstances. I think they've had some success. But when you have a community that is continually losing jobs and you have people in their 50s being laid off who thought they could make it through to proper retirement, it becomes difficult. Then you have people competing with each other for jobs: recent graduates competing with people who are being laid off at 45 or 55. It's been a difficult situation for 40 years. When I moved in, our lawyer told us it was a depressed area that was losing jobs. It just has continued and continued. We built social service jobs. We've got jobs at Brock and at the region, those kinds of jobs, but we also have a huge number of jobs in the service sector, which is mainly hotel workers and people working in tourism, and those are sometimes seasonal jobs or jobs that don't pay very good wages.

**Mr. Ted Arnott:** I'd like to share the balance of my time with Mr. Prue, with your indulgence, Mr. Chairman.

**The Chair (Mr. Pat Hoy):** Mr. Prue.

**Mr. Michael Prue:** Surely. You've made a couple of very strong recommendations, including \$100 extra per month, per person, for food. Do you think that would be adequate for nutritious food when in fact the bulk of the money is eaten up by the rent?

**Ms. Gracia Janes:** In places like Toronto it certainly wouldn't be enough. My suggestions are cumulative. That one comes from the 25 in 5 Network, and Marvin Novick, or Peter Clutterbuck in Toronto, may or may not be able to speak to that recommendation—but immediately. People are going hungry. This would be an extra \$100 a month, and they need that extra \$100 a month to feed themselves. But, yes, they also need more than that. People who are working need an increased minimum wage, and people working part-time who are able to receive welfare need to be allowed to keep some of their money. But we are so far behind that I can't see that \$100 would be enough.

**Mr. Michael Prue:** There has been some praise of the government for acting on children, but some criticism that they mostly left everyone else out: single, employable people; people with disabilities; aboriginal communities—the list goes on. How do you feel about this? Has the government done the right thing by targeting only children, or should they have looked at the broader number of people who are poor?

**Ms. Gracia Janes:** You may have noticed that I slipped the word “family” in.

**Mr. Michael Prue:** Yes.

**Ms. Gracia Jones:** You're right, it is targeted at children—and children belong in families.

Up until, I think, the last welfare increase in August—the numbers were shifted when we got the child tax benefit and the flow-through of the federal money. The welfare rate was lowered. I've felt it was sort of smoke and mirrors. I think it's very important that you keep in mind that in 1992, we were way ahead of where we are now.

Targeting children is not going to go anywhere if the parents aren't fed. It's the whole family unit that counts. It's the amount of money the family gets that counts.

The targeting of children is always a very emotional thing. People worry about the children. But if a child is in a family, and the family is evicted, the child goes with them. The child suffers too.

Even with helping the children, you're not getting up to the rate that you were at in 1992. So, to me, we've just been taking too long. We have to act expeditiously before the next lot of people begin to have to receive social assistance.

**The Chair (Mr. Pat Hoy):** Thank you for your submission.

#### RETAIL COUNCIL OF CANADA

**The Chair (Mr. Pat Hoy):** Now I call on the Retail Council of Canada to come forward, please. Good morning. You have 10 minutes for your presentation. There may be five minutes of questioning. I'd just ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Gary Rygus:** Good morning, and season's greetings. My name is Gary Rygus. I'm the director of government relations, Ontario, for the Retail Council of Canada. On behalf of the Retail Council of Canada's members operating across the province of Ontario, thank you for the opportunity to appear before you today.

The Retail Council of Canada has been the voice of retail since 1963, speaking on behalf of members who operate more than 40,000 storefronts. We represent an industry that touches the daily lives of most people in the province. Our members represent all retail formats: department, specialty, discount and independent stores, and online merchants. While we do represent large mass-merchandise retailers, the majority of our members are in fact independent merchants.

Retail is number two in Ontario, with more than 835,000 jobs. Last year, \$146 billion in sales were made at retail, representing 85,000 establishments. Ontario sales are up year-to-date, which may be surprising to some of the members of the committee: 5.3% as of September. The average wage rate is \$16.66 per hour.

We expect the Ontario economy and retail sales to be flat in 2009. Ontario will be in the bottom third of provinces, along with British Columbia and Alberta. According to the Conference Board of Canada, consumer confidence is at a 26-year low in Canada, which creates challenges for retailers. Job losses are unnerving consumers. The softness is driven by the financial turbulence in the world and the recession enveloping many developed countries. In addition, the manufacturing sector has still not stabilized.

Faced with these challenging and threatening types of activities, fiscal policy must be focused on improving the conditions for economic development. The government must create a positive job-creating environment.

We offer three recommendations.

#### 0920

First, the government must find ways to reduce taxes on companies; for example, raise the employer health tax exemption threshold from \$400,000 to \$1 million, delay the wage increase scheduled for March 31, 2009, for minimum wage, and reduce WSIB premiums by making the WSIB more accountable and efficient.

Second, in recognition of companies' need to invest in improving their competitiveness, the government should eliminate the capital tax for all sectors commencing January 1, 2009. I understand that it is supposed to be doing so on July 1, 2010, but we feel strongly that this move should be accelerated.

Third, harmonize the provincial sales tax with the GST. We recognize that this last item is a controversial recommendation, but this one step would give all Ontario businesses a significant increase in their competitiveness. This is not a transfer of tax from companies to individuals. The tax is remitted by companies; it then cascades through the supply chain, adding tax on tax. These are all built into the prices that consumers pay and into export prices. All harmonization does is make it obvious to citizens how much tax they actually pay when they make purchases.

If the government decides it cannot persuade Ontarians of the need for this support for jobs and industry, we would suggest the harmonization of the sales tax goods base, much as was done in Manitoba a few years ago. If the government does not proceed with full harmonization, merchants must have the freedom to show prices exclusive of tax. Otherwise, the benefits of harmonization for retailers and consumers are lost, the domestic market is broken into fragments, and US retailers and websites are handed a marketing advantage.

One example of goods-based matching would be a change in the tax status of bottled water. We are advocating that it be the same as the GST base. This would reduce confusion and frustration when customers buy these products.

We recommend that the government work with other provinces to harmonize product stewardship programs. We would remind the government that retailers must continue to be permitted to show environmental levies separately on sales tax receipts.

Another issue that is confronting our members is credit card fees. They are a growing cost for businesses. Approximately \$4.5 billion was paid last year by businesses to credit card companies. We encourage the Ontario government to write to the federal finance minister pledging Ontario's support to examine what can be done to reduce credit card costs. Now, you may say to me, "Well, this isn't something that impacts on Ontario." I would suggest to you that it does. It's an Ontario government challenge as well because government accepts credit cards for such activities as the LCBO, Service-Ontario, your MUSH transfer partners, tuition payments, and charitable donations. All accept credit card payments, and roughly 2% of the transaction is taken off the top and submitted to the credit card companies.



My last item would be to fast-track the Ontario open-for-business initiative. Change the way government creates legislation. Adopt a business lens to focus legislation by asking the question, "Does it add economic value?" Quantify the changes. Include sunset provisions for legislation. This last request would require a large change in approach as far as mindset in establishing legislation.

On behalf of the Retail Council of Canada, I thank you for your time. May you and your families have a merry Christmas and a happy new year. With only 10 days left before Christmas, please shop, shop and shop. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation. I suspect many members of the committee will start shopping this coming Saturday.

Now we'll go to Mr. Prue of the NDP.

**Mr. Michael Prue:** Thank you very much. While I was listening intently to you, I skipped to the back, to the appendix, because I found some things here that go against the grain of almost every person who has been before this finance committee, and certainly against the grain of the person who was in front of you giving a deputation.

You're asking that the minimum wage be frozen. The deputant before you asked that it be increased so that it's a living wage for poor people. Why do you want poor people to not have more money? Wouldn't they spend it in your retail shops if they had more money?

**Mr. Gary Rygus:** Yes, they would. Unfortunately, businesses only have a fixed amount of money to allocate towards wages. If you increase the cost of those wages, what will happen is less people will be hired and the existing people who are currently working will have less hours to work. I'm not sure that in this troubling economic environment that's something that we want to do. We're asking for the wage increase to be delayed until better economic times prevail.

**Mr. Michael Prue:** Well, again, back at this—some businesses in Toronto have been known to hand out the address of the local food bank at the same time they're hiring people. Do you think that that's a kind of economy that we would want or is good for retail in the long term?

**Mr. Gary Rygus:** No, but I think that during this economy where thousands of people are losing their jobs, you want to create an environment where job creation is, in fact, a priority and where people can gain a leg up in providing positive input into the economy.

**Mr. Michael Prue:** We had the opportunity, as a committee, to hear three eminent and distinguished economists come before us, and all three of them recommended stimulating the economy in this economic downturn, including running a deficit. You are recommending the opposite. Why is that?

**Mr. Gary Rygus:** I am saying that you should manage your expectations appropriately so that you don't create undue expectations. I believe we've supported the infrastructure spending that's going on by this government and, in fact, that's what's going to create jobs.

We've said that if you're going to have a deficit, it has got to be specifically stated but managed appropriately.

For example, when the government said that they were going to freeze MPP wages at 1.5%, some of us were concerned that might have been a half measure. Perhaps we could have a been a little bolder and shown more leadership by saying, "MPPs should take a pay cut," to support what's going on in the economy as a whole. Freezing salaries at the senior level would have been more of a bolder statement than minimizing it to 1.5%, especially in view of what's going on in today's economy.

**Mr. Michael Prue:** Let me ask: In today's economy, are workers generally taking pay cuts? I haven't seen too many. I have seen the odd one; I've seen some discussions with CAW and the Big Three, the Detroit Three, talking about potential cuts, but I haven't seen that actually occur, nor have I seen anyone else taking pay cuts. Who else is taking pay cuts?

**Mr. Gary Rygus:** The largest pay cuts would be the people who are losing their jobs in the manufacturing sector. I'm suggesting—

**Mr. Michael Prue:** Well, of course. Okay. But of those who are still working, who's taking pay cuts?

**Mr. Gary Rygus:** I'm suggesting to you that if it becomes a point where jobs will be lost, you may want to take that as an interim step before people lose their jobs. That's what's happening in the real world right now.

**Mr. Michael Prue:** In the real world, how many job losses are there in the retail sector?

**Mr. Gary Rygus:** To date?

**Mr. Michael Prue:** You said people were spending more; jobs and the economy—retail up until September was actually improving. You started off that way, so how many retail jobs are being lost? And if so, why, when the economy is actually better?

**Mr. Gary Rygus:** The primary category for spending in the economy is consumer confidence. People spend money when they have jobs and when they're confident that they're going to maintain those jobs. If, in fact, they're unsure as to whether they're going to maintain their jobs, they will close their purses and wallets and not spend money other than for the nondiscretionary items. What we're saying needs to happen is that you have to improve consumer confidence, and that is by providing an environment where job creation is the motto of the day.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Gary Rygus:** Thank you. Have a good day.

#### ST. CATHARINES AND DISTRICT LABOUR COUNCIL

**The Chair (Mr. Pat Hoy):** Now I call on the St. Catharines and District Labour Council to come forward, please. You have 10 minutes for your presentation. There may be up to five minutes of questioning. Just state your name for the purposes of our recording Hansard.

**Mr. Larry Savage:** Larry Savage.

**The Chair (Mr. Pat Hoy):** You can begin.

**Mr. Larry Savage:** The St. Catharines and District Labour Council represents roughly 10,000 union members who belong to more than a dozen affiliated local unions in St. Catharines, Thorold, Niagara-on-the-Lake, Lincoln, West Lincoln and Grimsby. Our membership is very diverse. The labour council brings together workers in virtually every sector of the economy in order to promote issues important to working people in the St. Catharines area. On behalf of the labour council, I am pleased to be making this pre-budget submission to the committee.

0930

There is little question that the global economic crisis is exacerbating the crisis in Ontario's manufacturing sector. In the St. Catharines area, the unemployment rate currently sits at 8.2%, which is well above the provincial average. Housing and vehicle sales are down; union density rates are down; pensions and long-term savings plans are being eroded.

The adverse impact of these economic realities on government revenues is well known. As organized labour has lost ground, workers in the Niagara region have also seen their economic fortunes decline. Much of this decline has been caused by the illogic of an economic system and labour market where employers lay off workers and attempt to drive down the wages of workers who manage to keep their jobs. Full-time, unionized, well-paying jobs with benefits are being replaced by non-standard part-time jobs and low-paid full-time jobs without benefits. This kind of approach to the labour market, favoured by many employer organizations, has the effect of undercutting the overall demand in the economy, creating a downward spiral for workers, businesses and communities.

The current crisis has demonstrated the importance of swift and significant government intervention. The Ontario government cannot afford to wait on the federal government, nor can the province bank on any free-rider effect based on any economic stimulus package undertaken by the government of the United States.

Although the Ontario government does not control all of the economic levers needed to radically transform our economic system, the province has historically played an incredibly significant role as Canada's economic engine. In the same way that the province has acted as an agent of neo-liberal globalization through its support for free trade and other pro-business measures, the provincial state can also be used as a tool for social progress.

Although economic stimulus is an important ingredient in improving the province's economic fortunes, it does not replace the need for a substantive industrial strategy. The absence of such a strategy in Ontario has led to a situation wherein business leaders have worked closely with the province to ensure that any long-term public policy decisions do not impede on any short-term private economic interests. Closing plants and shipping equipment to China is not the best response to short-term

problems, no matter how large they are. Economic planning, and an industrial policy, more specifically, are necessary if only to retain the productive capacity of the province's manufacturing infrastructure, which could be converted in the future to sustain what is commonly referred to as green manufacturing: the manufacturing of solar panels and wind turbines, for example.

The absence of an industrial strategy also means that organized labour is normally left out in the cold when it comes to meaningful consultation with the state and organized business interests. When labour is consulted, it is normally called upon to rescue business and government from economic crises caused by corporate greed, and the illogic of the market economy more generally. In the end, the illusion of labour-management co-operation and labour-initiated lobbying for corporate subsidies is a doomed approach for union members. The severity of the current economic crisis highlights the fact that more radical approaches are needed.

Although it has become politically fashionable in recent years for politicians to promise voters that government will not run budget deficits, this is an incredibly reckless approach to dealing with economic problems, especially during a recession. We know that in recessions, reduced economic activity results in reduced government revenues, and more people have to rely on government assistance to help them through hard times. As a result, governments, despite any irresponsible campaign commitments, must spend more than they take in.

The labour council believes that increased spending should be directed toward making investments that will prepare Ontario for the recovery by investing in people through the maintenance and expansion of all current and planned spending on government services; through a substantial down payment on the government's poverty reduction strategy; through new investments in affordable housing and increased benefits for low-income Ontarians; and through a renewed commitment to public ownership and public investment.

Better public services and community-sustaining public sector jobs are key to reversing the province's economic outlook. The question is not, "Do we need economic stimulus?" but rather, "What kind of economic stimulus do we need?" The labour council clearly prefers public investment over tax cuts because investment in social needs, housing, child care, health care, education, and universal social programs makes us less dependent on the market economy.

A focus on public investment also allows government to develop services and in turn provide economic stimulus in smaller urban centres in the province, thus ensuring that economic development is spread in a more equitable manner.

Investing in public transit systems, clean water systems, and other infrastructure projects should be an integral part of any economic stimulus package. Research conducted for the Federation of Canadian Municipalities shows that in the first full year of implementation, \$1 billion in infrastructure investment would create 11,500



jobs. Increasing investment in public transit also improves air quality and, in turn, public health.

Similarly, investment in affordable housing is key to improving the health of Ontario's working poor, as part of a larger poverty reduction strategy. Every dollar invested in housing creates \$2 in additional economic activity and induces as much as seven additional dollars in economic activity. If these investments are made wisely, they can greatly increase environmental efficiencies, moving us to crucial long-term conservation goals. These infrastructure projects should be accompanied by a provincially mandated buy-Canadian policy, as a way of protecting Ontario's industrial base.

Lastly, improved labour rights and standards for workers in Ontario is an extremely cost-effective way to combat poverty and stimulate the economy. Providing for access to card-based union certification for workers across all sectors is a crucial step. The introduction of mandatory certification votes under the Harris government has decreased the number of applications for certification that occur each year, the share of those applications that are successful, and the number of employees unionizing in the province. Requiring both a majority of members to sign union cards and a mandatory vote increases the number of unfair-labour-practice complaints and increases the effectiveness of unfair labour practices in making the attempt to join a union unsuccessful. Research shows that employers' unfair labour practices are twice as effective at reducing the likelihood of certification under a compulsory-vote system as under a card-based system. Mandatory votes also make it more difficult for vulnerable workers to unionize, because workers are less likely to have successful certification applications in the service sector or if they are part-time workers.

We also know that precarious employment is more likely to occur in smaller workplaces, in the service sector and where there are part-time workers. These are the sectors where women's employment is concentrated and where a large portion of workers earn the minimum wage. An immediate boost in the minimum wage to \$10 per hour would also help combat poverty and help boost the economy by putting more money into the pockets of the working poor. Those who oppose raising the minimum wage often argue that higher minimum wages will result in job losses, but empirical evidence does not support this claim. In fact, the increase in the purchasing power of the province's lower-paid workers is likely to have the effect of improving the local economy.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning will go to the government.

**Mr. Charles Sousa:** Thank you, Mr. Savage, for attending and for your insightful presentation. I appreciate some of the comments you've made, and I recognize the matter as it relates to safeguarding the interests of the most vulnerable, as well as our union members and those in labour. You've made a distinction between labour and business and described the illogical system of the marketplace.

As you know, the government has gone out of its way to try to invest in infrastructure in a big way, and I think you agree that's a good thing to do, because it's one area where we can control and stimulate economic activity. We're certainly going out of our way to try to invest more in skills and knowledge so that we can have a better transition for those who are moving forward or going through a transitional period.

We're also making some strategic cuts in the capital tax system in order to enable those businesses that are interested in coming into Ontario or staying here to be stimulated and have an incentive to invest in Ontario. Through our Ideas for the Future Act, we're also trying to encourage more innovation and more differences in the types of manufacturing and the types of businesses that do come to Ontario.

Another big part of the strategy—and you did talk about how we need more of an industrial strategy going forward—is the whole notion of partnership, be it with the feds, but more importantly, be it with labour and with business. My question to you—and I may share this with Mike Colle if he's here—is to talk about what you see as necessary for government. We can't act alone. We need to act in co-operation with labour and with business. What do you feel we should do in regard to inspiring business to stay in Ontario?

**Mr. Larry Savage:** That's a good question. We could be here for hours. Let me start by telling you what you shouldn't do.

The first is that the Ontario government needs to stop partnering with business in terms of public-private partnerships, which have proven to be a disaster all over the world, including in Ontario. So when the government talks about making infrastructure investments, those infrastructure investments need to be 100% public. Public-private partnerships undermine a public institutions and they undermine our ability to control what kind of society we want in the future.

0940

In terms of consultation with labour and business, I said in the presentation that I feel that organized labour has very much been left out in the cold in the last few decades in Ontario politics. To bring it back into the room in an ad hoc manner isn't going to work. You need an industrial strategy, and I'm not talking about some grand corporatist scheme. There needs to be more dialogue than there has been in the past, but there also has to be a provision for real decision-making power. That's not there and, quite frankly, it's never been there in Ontario and it's something we'll need in the future.

Your question about strategic tax cuts: I don't think they're going to work. We talk about these bailout strategies. Unless these bailout strategies come attached with commitments that jobs will be kept, that there will be no CEO bonuses—in the auto sector, for example, if we talk about a shift to green cars, unless those commitments are made, then we shouldn't be involved in those sorts of deals. They don't serve communities; they certainly don't serve the interests of working people.

**The Chair (Mr. Pat Hoy):** Mr. Colle, we have less than a minute.

**Mr. Mike Colle:** I hope you don't mind if I call you Larry. An interesting term you used here, if you could explain it to me: "neo-liberal globalization." What is that?

**Mr. Larry Savage:** Neo-liberal globalization of course is a political phenomenon and an economic phenomenon, where governments and businesses have supported right-wing public policy prescriptions: lower taxes; less regulation on business; free trade deals.

In Ontario, you'll remember that in 1987 the Peterson government ran against free trade and won a huge majority government, took power and did very little to oppose free trade once in power. The Rae government, while it was in office, campaigned against NAFTA. Again, during its time in government it did very little to oppose the North American free trade agreement.

**Mr. Mike Colle:** So you would close down the free trade agreement that exists between Canada, Mexico and the United States?

**Mr. Larry Savage:** I think it's very clear that the free trade agreements need to be renegotiated. You'll even hear Barack Obama saying that. We definitely need trade agreements to be amended. The labour movement talks about fair trade, not free trade.

**Mr. Mike Colle:** So you believe in putting up borders at this time against the free flow of trade between the United States and Canada?

**Mr. Larry Savage:** I believe that you need labour and environmental standards in trade agreements. I wish the Peterson government and the Rae government had upheld their opposition to these free trade agreements—

**Mr. Mike Colle:** And how about with Mexico?

**The Chair (Mr. Pat Hoy):** Thank you. Our time has expired. Thank you for your presentation before the committee.

#### CAMPAIGN FOR ADEQUATE WELFARE AND DISABILITY BENEFITS

**The Chair (Mr. Pat Hoy):** I now call on the Campaign for Adequate Welfare and Disability Benefits to come forward, please. Good morning. You have 10 minutes for your presentation. If you would just identify yourself for the purposes of our recording Hansard, you can begin.

**Ms. Lynn Aquin:** Thank you. My name is Lynn Aquin. I'm here representing the Campaign for Adequate Welfare and Disability Benefits in Hamilton.

The Campaign represents over 100,000 people living in poverty in Hamilton and over 1.5 million in Ontario. We are intelligent, hard-working, courageous voters and we have the same hopes and dreams for our lives and the lives of our children as anyone else.

Most of us have held good jobs, have had homes, paid taxes and have been able to carry on a normal life. We do not want to be in poverty. When we are affected by illness or disability, the death of a spouse, by unemploy-

ment or are paid low wages for our work, we ask that the system, which we have helped to establish, be there to support us.

We feel that the highest priority for the provincial government is to commit to the provision of a living income for all of its citizens. People who have to struggle daily just to survive—single mothers, unattached men and women, the elderly, those with disabilities—all need help to make the transition to the kind of steady employment that provides a life of dignity and fulfillment, or to have a living income that will assure a life of dignity if they are not able to work.

Minister Matthews stated in the 2008 poverty reduction strategy that the social assistance rates were under the mandate of this ministry. We urge you to immediately raise the social assistance rates, which at present, for most, are at 50% below the poverty line, index them to inflation and establish a social assistance rates board that can determine the level of assistance needed in each community to provide the basic human necessities: adequate housing, nutritious food, transportation and utilities, including a phone.

The 2008 poverty reduction strategy has committed to raising 25% of children out of poverty by 2013 and 50% by 2018. But what about the others? Raising social assistance rates and raising the minimum wage will immediately enable all people to raise their standard of living. By spending the increase in their local communities, businesses will not be lost, more jobs will be created and the current recession will be shorter-lived. Everyone will benefit, not just those currently in poverty.

At the present time, the government is depending on charities to do its work for it. Parents will never refuse help for their children, but in order to break the cycle of poverty, those children need to have, as role models, parents who work every day, if they are able, to provide a quality life for their families with that job or with a living income. Since there are fewer and fewer full-time jobs that pay a living wage, people who do find work should be able to keep their wages without losing their benefits until they are out of poverty.

One of the keys to having more people in the workforce is quality daycare for their children. This is an essential element that must be addressed in the budget. Without the ability to have reliable, safe daycare at all hours of the day or night, men and women cannot even think about starting back to work or attend retraining or upgrading programs.

People who are on social assistance because they have recently lost their jobs may need retraining; people who have grown up on social assistance often need much more. They may have serious health and self-esteem problems. Children living in poverty don't do as well in school as their middle-class classmates. Some studies have shown actual changes in the brains of children in poverty. They move more often, losing the ability to make long-term relationships and commitments. The public education system needs to be able to accommodate the learning disabilities and specific needs of



children and adults in poverty. A system of mentoring and apprenticeship is a very important element in enabling children and adults living in poverty to do better in school or access the job market.

I can speak to this in a personal way. One of my sons was born with some learning disabilities. To anyone seeing him, he looks healthy and strong. No one would believe that he has a disability, but he has great difficulty with interpersonal relationships and he's very accident-prone, besides the learning problems. He just can't seem to be able to hold a job or get ahead in life. It's heart-breaking to me that he has to struggle so hard. If he were able to receive a living income which would remove the struggle just to stay alive, he might be able to receive the specific training needed to find a job that he could do. Investing in job creation at all levels, especially looking at green development in the communities, is something that the government should also be investing in to ensure more jobs in the future.

One of the most fundamental basic needs is adequate housing. After water and food, a safe, affordable home is the one thing people must have. Over 4,000 people in Hamilton are on the waiting list for affordable housing. The hardest, most heartbreaking choice that parents can have is between putting food on the table or paying the rent. This government needs to immediately subsidize more housing for those paying more than 30% of their income on housing. Although more housing must be built, in the interim, the places where people are living now can also be subsidized.

Again, my family can illustrate this problem. My daughter, a single mother of three, desperately wanted a better life for her children, so she moved into a better neighbourhood with good schools. However, the rent took up all of her social assistance plus some of her child tax benefit. For over a year, Ontario Works sent her letters, cutting her off from her assistance over and over again because they thought she was lying about the amount of money she was getting. Whenever that happened, she was charged late bank fees and rent tribunal fees, which put her further and further behind in her rent.

0950

Finally she was forced to move, but she had no place to go. My daughter and grandchildren became homeless. The family was split up, living in different places with family and friends. At last they were high enough, because they were homeless, on the subsidized housing list to qualify for geared-to-income housing. However, the place they live now is in one of the most poverty-stricken neighbourhoods in Hamilton. Can you imagine what this process has done to my daughter's confidence in her ability to take care of her family?

Many studies have shown that the day-to-day stress of not having enough money to provide for themselves and their children causes acute and chronic illness and even death. This kind of stress-related illness puts a great strain on our health care system, disables people from holding a job, raises crime rates and breaks down the fabric of our society by disintegrating the family unit.

My granddaughter Cori, who is 15, wanted to be here today to read a statement, and I would like to read it for her. She had to stay in school today. I'm going to speak in her voice.

"When we were living in that better neighbourhood that my grandmother just spoke about, I made many friends that I hated to lose when we had to move. I wrote a poem about it: 'Away.'

Yesterday I moved away;  
good-byes, sad eyes.

I feel so sick,

I want to run away.

I never forget

The day we first met;  
all the memories we made.

Never forget me;

I'll never forget you.

I just wish this was a bad dream.

I want to wake up,

But I know I can't;

I know that it's real.

You don't know how I feel,  
so alone, so scared.

All I see

are the people close to me

Fading away.

The last thing I saw  
was their sad faces.

Yesterday I moved away.

"I hate to be in my new home. Twice now, there have been fights in the building and someone has been hurt. My friend's brother was stabbed, and we all saw the blood in the hall and the elevator. Every weekend, I try to go back to my old neighbourhood to stay with my best friend there. Often, her parents take me places that my mother could never afford to take me, and I feel bad that my sisters don't have the chance to be in a better place too.

"I'm not doing very well in school. It is hard to do my homework because we don't have a computer, and the teachers expect us to do a lot of research on the Internet. I had dreamed of being a veterinarian, but my family could never afford to pay for university, and now I see that I wouldn't be able to handle the courses needed without support. Last spring, I fainted a couple of times in school because I wasn't eating properly. When my mother goes grocery shopping, she locks the food away and rations it out so that it will last the week. We are always a little bit hungry. I can't eat too much at a time anyway. Whenever I do, my stomach gets cramps.

"Some of my friends are depressed; some of the boys are having trouble with the police. Most of us are pretty hopeless about the future.

"My grandmother says that you can decide to make things better for a lot of families. I hope you do."

**The Chair (Mr. Pat Hoy):** You have about a minute left for your presentation.

**Ms. Aquin:** Thank you. In summary, poverty robs us of our health, our hopes and even our potential to be productive citizens. Investing in the reduction or elimination of poverty in these difficult economic times makes good economic sense, as has been shown by some of the countries that have invested in all their people and experienced good economic outcomes. We ask you, therefore, to move swiftly through your budget to implement investments in income supports, jobs that pay living wages, affordable and safe housing, specific education and training geared to the needs of the poor, and early learning and quality child care. Only then can we say that we are moving toward a society which looks after all its people.

We refer you to the campaign's Framework for Reform, which is attached. Article 11 of the United Nations Covenant on Economic, Social and Cultural Rights says, "The states parties to the present covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The states parties will take appropriate steps to ensure the realization of this right."

Our government signed this covenant. You need to take the steps necessary to keep your promise. Thank you.

**The Chair (Mr. Pat Hoy):** And thank you. This round of questioning will go to Mr. Arnott from the official opposition.

**Mr. Ted Arnott:** I want to thank you, Ms. Aquin and your colleagues, for joining us today and giving us your ideas and your presentation, especially for sharing Cori's poem and her thoughts with us, because those are the kinds of stories that really touch us in our hearts, as you know, and make us want to redouble our efforts to improve the lives of everybody in Ontario. So thank you for that.

I know your presentation focused on the need for adequate income security for most, if not all, families, and it is their primary concern right now in the vast majority of cases, especially these days. I'm going to ask you again about the issue of job training, because I think there's a real opportunity there for the government to improve its job training programs right now, so that when the economy improves, hopefully next year, those who are looking for work or have lost their jobs can be in a position to upgrade their skills and take advantage of better opportunities that, hopefully, will be there later on in 2009.

Do you have any thoughts that you want to convey about the job training programs that exist in Hamilton and what you'd like to see done to improve them?

**Ms. Lynn Aquin:** The trouble with the job training programs is that there are some, but people don't know about them a lot. There's not a lot of education of people who are on Ontario Works or ODSP about the jobs; there is some. The trouble with it is that the transportation to the jobs, to look for work, the money needed to dress properly to look for a job, to have that kind of support, is

not there. Even when you get up in the morning and you don't have anything to eat and you know you're not going to have anything to eat that day, it's kind of hard to go out and spend the last money you have on bus fare to get to a job that probably is not going to pay you more than minimum wage, which is not going to get you any higher than you are now on OW. So those kinds of disincentives to work are present in the system now, and we have to improve that.

**Mr. Ted Arnott:** I know that Sophia Aggelonitis has a question, Mr. Chairman. I'd like to yield the rest of my time to her.

**The Chair (Mr. Pat Hoy):** I want to make a comment about that. We have a rotation agreed upon that we would give five minutes to whoever's time it was this morning. I allowed you to pass off one question because you had only used 60 seconds. A minute ago, Mr. Sousa gave a member of his own party a question. We only had 60 seconds left and it went three minutes. It could become a problem, not knowing how long any one member is going to take for their time and then pass it off.

**Mr. Ted Arnott:** You've taken about 60 seconds now to say it's a problem.

**The Chair (Mr. Pat Hoy):** I know, but in the interest—let me further say we were behind by six minutes at one point. So if we're going to be swapping time with other parties, maybe it would be good to let the clerk know so that I can cut the time in half, perhaps, so that we stay on schedule in the interest of who is also in the audience and so that I know you're not passing off a question to someone else, with only 30 seconds left.

**Mr. Ted Arnott:** Fair enough.

**The Chair (Mr. Pat Hoy):** In hindsight, perhaps I should not have allowed the other question to be passed to Mr. Prue. I just wanted to explain my rationale for that. If you're going to be swapping time, I'll cut it in half, but let the clerk know that you're about to do that.

So now we'll go to Ms. Aggelonitis.

**Ms. Sophia Aggelonitis:** Thank you, Chair, and I won't be long.

I just wanted to say, first and foremost, thank you very much for coming. These four fabulous women are from Hamilton and they have been, and continue to be, great advocates in my community. I thank you for being here.

I do have some questions. And because of time, maybe I could just give some time to my very good friend Ursula, if you want to share a little bit of your story with the committee for a couple of minutes.

**Ms. Ursula Samuels:** I'm a single mother. I'm trying to raise one child and I'm on OW. Sometimes it's very hard figuring out how I should do it, whether I should pay the rent or pay the bills. Recently, the back-to-school and winter clothing allowances have been taken away from us, and it was a big struggle this year getting the kids back into school in September. I had to use up some of my food money, which I don't usually do, so that made it very hard.

Christmas is coming and it's a very hard time for me, even trying to buy a present for my son. It makes me feel



really bad at this time of the year because I don't have the money. There are days that my son goes to school and I don't even have lunch, and even school trips—sometimes he can't be there. So I hope this problem could be resolved and we can see some action going on for the new year.

**Ms. Sophia Aggelonitis:** Thank you, Ursula.

1000

**The Chair (Mr. Pat Hoy):** You can make a further comment, because I did take about a minute.

**Ms. Josie D'Amico:** I just wanted to make a comment with regard to the kind of retraining that is needed. This is one of the things that we've stated there—and you can look in our framework for reform. It states more specifically that there needs to be training and retraining and apprenticeship for people who have been on low income for a long time. That is very different than the kind of training and retraining and apprenticeship that someone who has just come off a job requires, because there are a lot of problems and things that need to be looked at for someone who has been on assistance for a long time.

We are human beings, guys. We're here. These are true stories that you have heard today, so get on with it. We have rights; please remember that. Our economic system, the way it is, does not account for everyone in our system. We cannot let more than 1.5 million people in Ontario and over 100,000 in Hamilton—people are going hungry. I worked in a Third World country, and do you know what? When I told them about the kind of system that we have, they told me that they would rather be poor in a Third World country than here in Canada, and that's a shame. It's a terrible shame that this is happening in our own country.

So please get on with it. You have the power. We have voted you in to make changes in our country. Please do so.

**The Chair (Mr. Pat Hoy):** Thank you for your submission.

#### ONTARIO HEALTH COALITION

**The Chair (Mr. Pat Hoy):** Now I call on the Ontario Health Coalition to come forward, please. Good morning. You have 10 minutes for your presentation. There could be five minutes of questioning. I'd just ask you to identify yourself for the purposes of our recording Hansard.

**Ms. Natalie Mehra:** My name is Natalie Mehra. I'm the director of the Ontario Health Coalition. Thank you for allowing us to come and make a submission today. We've provided a written brief. Because of the time, I'm going to focus my comments on two key issues in the health care sector.

The first one is the funding level provided to hospitals across the province. Currently, we're in a situation of, essentially, planned underfunding for hospital global budgets. This year's increase for hospitals—that's 2008-09—is 2.4%. Next year, it's planned to be reduced to 2.1%. What that means is that the global budgets for

hospitals are not increasing at even the rate of inflation. That's not accounting for population growth or other demographic factors such as aging. What that means is that hospitals have no choice but to cut in order to eliminate their deficits. If eliminating deficits remains a requirement for Ontario's hospitals, there is no way to continue to provide services at their current levels, given the projected funding levels next year for Ontario's hospitals.

Currently, there is a major round of restructuring happening at Ontario's hospitals due to this planned underfunding of the global budgets. The hospitals are provided pools of money for specifically targeted procedures; for example, cataracts. Hospitals bid to receive funding for these procedures. If they meet the provincially set price of \$474 per eye, they get the funding for those procedures. The LHINs and the ministry have given themselves new powers under the LHINs legislation to order hospital A to stop providing cataract procedures, for example, and hospital B to increase their provision of cataract procedures by X number of procedures. The goal of this is to squeeze the hospitals' global budgets to force further centralization and rationalization of services. So it's kind of like the Harris-era restructuring in hospitals, but that happened at the city level. This time it's happening across the 14 very large LHIN regions in the province. We're seeing, for example, the emergence of one complex continuing care bed program across an entire LHIN that runs from Collingwood in the south to Parry Sound in the north to Algonquin Park, essentially, to Lake Huron—a huge area. Patients and their families and visitors will have to travel further for those services.

The cuts that are happening right now are significant. They're deep. They shouldn't be understated, because we're just on the front edge of the front of hospital cuts now, and they are more significant than projected even a few months ago. So we're looking now at cuts to physiotherapy and chiropody—that's foot care for people with diabetes—and physiotherapy in hospitals across Ontario. We're looking at closures of local emergency rooms, including here in Niagara the potential closure of two entire small and rural hospitals. We're looking at the centralization of birthing services—layoffs in the hundreds. In fact, in three communities alone the layoffs that have been recently announced amount to more than 1,000 full-time-equivalent positions. This is just the first of the slew of hospital layoffs that we're going to see over the next number of months. We expect that number to get much, much higher if the currently budgeted levels for hospitals continue. The cuts are affecting all hospitals, small, medium and large, in every region of the province. This is not a question of hospital efficiency. This is a question of budgeted levels for global budgets for hospitals.

At this point, hospitals have been given a seven-step program for cuts, starting with cuts in privatization of support services, moving to the labs, then moving to clinical services. Many of the hospitals that we see

undertaking cuts now are cutting core hospital clinical services. They're not rationalizing support staff even though no hospital can run without those support staff; they're actually cutting local access to core hospital services. The provincial government has not articulated any policy regarding the future of small and rural hospitals. But what's happening in Niagara, with the hospital restructuring proposal here, carries with it very serious implications for the rest of the small and rural hospitals across Ontario. Centralization is of course the antithesis of local access to hospital services in small communities. There needs to be an articulated, clear vision of what services should be provided in small and rural hospitals. There needs to be an articulated vision of how far Ontario's patients will be expected to travel for health care services and how the costs of travel, transportation and other risks that will be downloaded to municipalities and patients will be borne if the province continues with this extreme centralization of hospital services.

The last round of hospital restructuring carried with it several lessons that I think have not been learned. There really has been no proper evaluation of the last round of hospital restructuring except for the Provincial Auditor's reports in 1999 and 2001. In those reports, the auditor found that the restructuring had been estimated to cost \$2.1 billion. In the end, it cost \$3.9 billion, a cost overrun of \$1.8 billion, of which a significant amount of costs were severance and benefits and also new, unforeseen infrastructure costs. To move services from hospital to hospital, to centralize services or to engage in significant hospital cuts costs a fortune; it costs a lot of money to do it. I think we learned the last time, when the government spent literally billions to close down hospital beds and hospitals laid off staff, only to turn around and have to spend hundreds of millions in subsequent years in order to rehire hospital staff and reopen beds, that sometimes the savings from restructuring are not realized. It's a legitimate question whether the savings from the last round of restructuring were ever realized. At the end of the restructuring, Ontario had increased operating spending of hospitals by 10%, but the number of staff in the hospitals had decreased by 10%. Health care in hospitals and everywhere is really very much reliant on human care. It's about the staff. It's about the doctors, nurses and support staff. You really can't provide care without them.

So it's clear that hospital restructuring the last time around redirected funding, but it's not clear that any savings were realized. Fully one half of hospital funding increases through the four years of restructuring went to restructuring costs alone. That's a huge amount of money. That is not projected in any budget figures that we've seen for Ontario's budget, and already we're seeing, in the restructuring plans of the hospitals that are hardest hit by the cuts right now, major restructuring proposals that will entail major capital costs, major severance costs, which are not accounted for and for which we think the long-term savings are extremely

dubious. There's other misalignment, and so I'll just give you a few quick examples—there's no clock in here, so I don't know how long I have left.

1010

**The Chair (Mr. Pat Hoy):** You have about a minute and a half.

**Ms. Natalie Mehra:** Okay. So a few quick examples. In Niagara, the St. Catharines hospital is midstream in a capital redevelopment project. It's gone out to tender; the RFP is done; the RFQ is done. Yet the service planning is following, not preceding, the infrastructure planning. That means that the hospital requires a redesign while it's in tender; that's going to cost more money. It's not clear now what the hospital is going to cost in the end. It's also a P3-financed hospital. So far, in Ontario—and I'll just draw your attention to pages 10 and 11, particularly page 11, of our submission. You can see the cost increases for all of the P3 hospitals across Ontario. The government is calling them AFP; they're the same as P3. They're privately financed hospitals.

In North Bay, just a few years ago, the hospital was projected to cost \$218 million; this is for capital costs alone, not including equipment, not including services; so it's apples and apples here. When a financial close was reached and the deal was signed, the hospital cost \$551 million. That's a \$300-million cost overrun on a \$200-million project.

In Sault Ste. Marie, the hospital was originally projected to cost \$200 million, similar to the North Bay Hospital; it ended at \$408 million. That's more than a \$200-million cost overrun on a \$200-million hospital.

These numbers are government numbers; we have not made them up. We've taken them directly from government memos and correspondence. And it's very similar to the experience which the auditor just pointed out in the Brampton P3 hospital, where costs increased on a \$350-million project to \$650 million by the end of the deal. That's a \$300-million cost overrun on a \$350-million project. That money alone is enough to fund Ontario's hospital deficits this year, just for those projects. It's a significant problem.

The other problem is that credit is getting more expensive. The St. Catharines hospital appears to be caught in the credit crunch. Deutsche Bank, which was the financier, has been affected, obviously, by the financial market problems. That hospital appears to be on hold. It's six months late and the tendering to start; it's not clear when it's going to be done.

Other P3 projects are on hold, such as the one in Oakville. We need some clarity from the government about what its procurement policy is going to be, given the increasing costs of capital and given the Provincial Auditor's very significant findings in the P3 hospitals.

**The Chair (Mr. Pat Hoy):** We're going to have to move to the questioning now.

**Ms. Natalie Mehra:** We're done? Okay. Thanks.

**The Chair (Mr. Pat Hoy):** And it will go to Mr. Prue of the NDP.

**Mr. Michael Prue:** Thank you for your work over the years. I think you were a bit of a voice in the wilderness.



It doesn't seem to me that the government was listening about P3 hospitals, but now the auditor has come down and found exactly what you've been saying all along.

We are in the midst of a number of P3 hospitals being built. Should the government get out of that, if they can, or should we just learn our lesson and make sure that no new hospitals go down this route?

**Ms. Natalie Mehra:** It's not clear from the projects that are under way, for example, in St. Catharines, how far along they are. As I understand, Deutsche Bank is affected by the credit crunch and it may be that the consortium has to find another financier or they have to go to the second bidder on the list. So it would depend on how far down the road that hospital is as to what the cost-benefit analysis of continuing or going along another path at this point would be. That cost would include the redesign of the hospital that's required by the service changes, or would be required if this hospital restructuring plan, which is deeply flawed, goes ahead.

Across the province, there should be a moratorium placed on the P3 hospitals at this point. The new deals should be audited for value for money, similar to the audit of the Brampton P3 hospital, and there should be public release of the information. There is no full value-for-money documentation available on any of the new deals.

**Mr. Michael Prue:** In the Legislature, I often hear the Minister of Health and Long-Term Care and the previous one speak in glowing terms—the fact that the hospital was built at all is because it was a P3 hospital, and that the government wouldn't have the financial capability of doing it in the long term. Are there, in your view, sufficient monies within the Ontario government that would allow for long-term building of hospitals, particularly in this economic time?

**Ms. Natalie Mehra:** What the auditor found in the case of the Brampton P3 hospital was that it was more expensive. The financing alone was \$200 million, over the lifetime of the project—\$107 million in net present value, in 2004 dollars. It was more expensive to build privately than publicly. So making any question of affordability of P3 is totally spurious. If we can afford to pay for two hospitals in order to get one, surely we can afford to pay for one hospital in order to get one.

**Mr. Michael Prue:** The chart on page 10 is rather interesting here, about the contrast between the Peterborough hospital, which was done with traditional public procurement, and the Brampton hospital, and the costs of building them. It seems enormous. The Brampton hospital looks like one of the worst deals the government ever made. To be fair, I think it was the previous government that made the deal, and this government continued with it. Is that—

**Ms. Natalie Mehra:** To clarify, the previous government started the deals. They were never completed prior to the election. When the McGuinty government took office, about six weeks after they were elected they started the process of commercial closing and completion of the deals. So the deals were actually constructed under

two governments, both of which have put their stamp on them, have changed the deals, and both of which are responsible for the final product in Brampton.

There's no doubt that if you compare the Peterborough hospital—it has been constructed at almost the identical period of time as the Brampton hospital. It was a 494-bed hospital; it's opening at slightly less than that number of beds. The Brampton hospital was a 608-bed hospital, opening at 476 beds. The total cost for capital is \$650 million in the Brampton hospital; \$197 million in the Peterborough hospital. That's a difference of between \$1 million and \$1.5 million per bed in the hospital. So the public procurement of the Peterborough hospital, as the auditor noted in his report, was demonstrably less expensive than the P3. If you look at the Peterborough hospital compared to North Bay and Sault Ste. Marie, you see the same sort of pattern: The difference in capital cost per bed in the hospital is in the range of \$1 million. It's extraordinarily more expensive to use the P3 model.

To our knowledge, Infrastructure Ontario and the Ministry of Infrastructure have not compared the risks and the costs in the Peterborough hospital to the slate of P3 projects that have been signed and are being constructed now in Ontario. That would be critically important to do because it shows, under current procurement procedures—with improved project management etc.—what the risks are for cost overruns in a new hospital. The auditor found 5% in Peterborough; in the Brampton P3 deal, they were paying 13% for risk transfer for cost overruns—a significant difference.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

## ONTARIO CHAMBER OF COMMERCE

**The Chair (Mr. Pat Hoy):** Now I call on the Ontario Chamber of Commerce to come forward, please. Good morning. You have 10 minutes for your presentation; there may be up to five minutes of questioning following that. I'd just ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Len Crispino:** Good morning. My name is Len Crispino. I'm president of the Ontario Chamber of Commerce. I'm very pleased to be here in Niagara.

I want to speak on behalf of our 60,000 members across Ontario. As most of you know, the chamber represents a very diverse group of businesses. We are not single-sector-focused; we are cross-sectoral. We are in every part of this province. We have, actually, chambers in all 160-plus ridings—whatever it is. We have 160 local chambers across Ontario which are present in every one of the government ridings.

1020

I wanted to make a presentation today that perhaps may be a little bit untypical of a chamber. Normally, we would be here appealing for all sorts of tax reductions and so on. We will be appealing for that, but we want to go a step further and kind of focus on some broader issues which we think need the necessary leadership from government, particularly in the times we're in today.

History, in our minds, shows that bold leadership is needed in times of uncertainty, as we find ourselves in today. Dramatic moves by leaders throughout history have been used to substantially shift fortunes in their jurisdictions and, of course, there are a number of examples from both our country and the United States. We need go no further than the Roosevelt New Deal in the 1930s, Eisenhower's bill, which created interstates in the 1950s, or Kennedy's pursuit of putting a man on the moon. I will not use the usual quotes that have been used in this regard—they're in the package—but all we're trying to demonstrate is that leadership is very much needed in these times. In our members' opinion, Ontario must be focused on economic renewal and business competitiveness.

I really want to focus on a couple of issues in the remaining moments. The first one is infrastructure. Ontario, I think as we all know, is saddled with an infrastructure deficit that numbers in the area of \$1 billion, as estimated by government, harming our productivity, the investment attraction of our communities and the ability of our businesses to compete in a cutthroat global environment. We know that highway congestion in the GTA and elsewhere in the province alone costs our economy roughly \$2 billion a year. Our infrastructure is in urgent need of modernization. The Association of Municipalities of Ontario argues that about half of that deficit falls under the responsibility of municipalities. Communities are struggling to stretch property tax revenues to pay for programs that they were never designed to fund.

Clearly, the provincial government has a responsibility with this burden. The Ontario business community has thrown its wholehearted support behind many projects in regions throughout the province, as well as the urgent work needed at our border with the United States. These are all worthy projects and they promise to improve our investment potential and provide direct employment for thousands of Ontarians.

Today, as I said at the outset, we need a bold move. We need a signature piece and we need our leaders to show the tenacity required to get that done. One such signature is an infrastructure piece that we've referred to as the Ontario-Quebec high-speed rail link.

Earlier this fall at the Ontario economic summit that was held just a couple of kilometres away from here by the Ontario Chamber of Commerce, we had invited Premier Jean Charest, along with Premier McGuinty, to that meeting. Premier Jean Charest at that point described the rail link as a great project for Canada. He explained that "a little bit of ambition in Canada would not be a bad thing." Not only would a high-speed rail link provide greater connectivity for three of Canada's largest municipalities, or municipal centres—Toronto, Ottawa and Montreal, and the 16 million people who live in the corridor, roughly half of Canada's population—but it would greatly enhance the speed of business and enable us to begin our recovery right here at home.

A high-speed rail link will achieve what conventional rail cannot: Through the speed and efficiency of the con-

nection, communities will have new business development opportunities. The speed and access to these major centres will also bring positive benefits to the surrounding areas and, in fact, to Canada as a whole.

It was with unanimous support that chambers throughout Ontario endorsed a high-speed link at the Canadian chamber meetings held earlier this fall. In fact, the link received endorsement from right across Canada.

Building stronger links with Quebec is a high priority of the provincial government. It's also been a high priority of our chamber. In partnership with the Federation of Quebec Chambers of Commerce, we've been able to identify some of the more baffling obstacles to trade and some of the greater opportunities. In today's economy, it's more important than ever to do what we can to build a strong, competitive business here at home, so we urge you to bring to a quick conclusion the feasibility study that is currently under way for this rail link.

Hand in hand with infrastructure investment, we believe there is a second set of policy recommendations. We must, once and for all, dramatically slash the red tape that continues to impede business. Our survey earlier this month reinforced the businesses' belief that streamlined taxation and regulation would help them get through these economic times. If there was ever a time for bold moves in Ontario, we believe it is that time now. The provincial government has shown leadership in this area with the open-for-business initiative, and we really commend Minister Bryant for seizing on this issue very early on in his mandate.

A third piece that we think is extremely important has to do with taxation, but it's not just lowering taxes; it's about tax reform. We're talking about a single tax policy shift that can deliver multiple results. It will provide much-needed tax relief to municipal governments, increase business productivity, break down an interprovincial trade barrier, increase much-needed foreign-direct investment in Ontario, enable the government to address the poverty agenda by providing relief to low-income Ontarians and provide incentives for the development of green energy. All of these benefits come down to one single tax policy, and that is a made-in-Ontario harmonized sales tax.

The OCC has commissioned a detailed study on the best way to harmonize Ontario's retail sales tax with the GST. Our report, which will be released very early in the new year, already has the support of numerous diverse organizations which include TD Bank, the Institute for Competitiveness and Prosperity at the University of Toronto, the Greater Toronto Electrical Contractors Association, Ontario Trucking Association, the Retail Council of Canada and a host of others. Despite what many will say, we have found a way that sales tax harmonization can be a win for government, for business and for consumers. Furthermore, there is a willingness on the part of the current federal government to support any province that wishes to harmonize its sales tax. We must not squander this opportunity.

Mr. Chairman, I know I have about 30 seconds left. I hope the work we've done on this vital issue also



demonstrates that we at the OCC do not believe that the burden of our economy can continue the way it is. We truly believe that Ontario is and can be a magnet for the world. There is far too much negativity in our press currently. We believe that this only leads to a self-fulfilling prophecy. Ontario does have much to offer. Whether people have come here to this country to bring their families, to develop a career or to bring life dreams and aspirations of another kind, Ontario does have much to offer. We believe that the suggestions we have made today can go a long way toward that. Thank you, Mr. Chairman.

**The Chair (Mr. Pat Hoy):** And thank you. This round of questioning will go to the government. Mr. Sousa.

**Mr. Charles Sousa:** I will be asking to share this with Sophia Aggelonitis, my colleague, who's also the parliamentary assistant to the Minister of Small Business and past president of the Hamilton Chamber of Commerce.

Mr. Crispino, thank you very much for being here. Congratulations, by the way, on the work you do in your association, especially when it comes to public policy and the initiatives that affect all of us. You guys have done a great job over many years.

As you recognize, we've also taken the initiatives to invest in skills and training and in infrastructure in a big way, trying to do what we can to ease the tax system by retroactively cutting back on capital tax but, more importantly, trying to find ways to foster investment in Ontario in times that have been rather challenging. I also appreciate, by the way—and we share your concerns around the fair share for Ontario.

1030

Quickly, though, if you had to chose between one priority—investing in infrastructure versus some of the tax reductions that you've proposed—which one would you pick at this point?

**Mr. Len Crispino:** The typical response from a chamber would be "reduce taxes." We all want lower taxes. We live under unusual circumstances. There has been some movement, as you quite rightly said, with respect to capital tax and also on the BET, which we believe is a major saving to a number of businesses across Ontario. So if we had to choose one, we believe, given the current situation, infrastructure is vitally important; it's a way of rallying people. It's a way, also, of giving people hope. It's a way of giving some job creation. So we encourage the government to move swiftly.

There are a number of projects that people have identified—different businesses; projects, for example, at the border, which is extremely important, particularly for this region, where we transport 85% of what we produce in this province to the United States. We would urge the provincial government to push very heavily the federal government to move on the infrastructure project for the twinning of the bridge.

Infrastructure is vital. As I said, we have a huge infrastructure deficit in this province and I think it's incumbent that we move very swiftly on that. That is not to

say that issues around tax harmonization cannot be looked at as well. We are very, very encouraged by senior staff within the Ministry of Finance with respect to that. We realize that isn't going to be something that the government can announce overnight, but all that we're asking is that the government recognize that there may be some merit to this, and as the times begin to improve, perhaps we can move swiftly on this.

**The Chair (Mr. Pat Hoy):** Ms. Aggelonitis, we have about a minute.

**Ms. Sophia Aggelonitis:** Thank you very much, Len, for coming in today. It's great to see you.

One of the things that the Ministry of Small Business and Consumer Services is paying a lot of attention to is this red tape and paper burden initiative. What would be the solution for a chamber member if we were to reduce the paper burden? What do you see as the best way to do that?

**Mr. Len Crispino:** I think there's no doubt that if you talk to individual ministers, they all recognize that this is a problem; it's been a problem that's been with us for a number of years and decades. I think the biggest issue is—I talked about harmonization of tax. I think there needs to be a harmonization of ministries so that if a foreign direct investor is looking at investing in this province, they should not have to go to the Ministry of Labour, they should not have to go to five other different ministries for various approvals. I think to the extent that there can be a one-door operation where an investor doesn't have to understand different ministries—all they want to understand is that they want to invest in this province, and they can only do that by going to one window in government. That would be singularly the most important piece that could be done in this area.

**Ms. Sophia Aggelonitis:** Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Mike Colle:** On a point of order: I wonder if I could ask research in due course to give us background on the impacts of tax harmonization on the tax on consumer goods and what new taxes would have to be imposed on what range of consumer goods—if we could have that by the end of the session. This keeps coming up.

**Mr. Larry Johnston:** By the end of the session—

**Mr. Mike Colle:** Yes, by the end of the committee's presentations, if that's possible. What I'm trying to get at is that I know one of the drawbacks to harmonization has been the taxes on new goods and what new goods would be taxed by this harmonization. I'd just like to try to get a list of that.

**The Chair (Mr. Pat Hoy):** And if you'd put that in writing for him, as well.

**Mr. Mike Colle:** Okay. Yes, I can do that.

**The Chair (Mr. Pat Hoy):** The notice is taken. Mr. Hudak?

**Mr. Tim Hudak:** I just support Mr. Colle's suggestion—and I know, Mr. Crispino, from our meeting with Stuart Johnston last week, that the chamber will

have that report out in the new year. We look forward to that, and I can appreciate Mr. Colle's question. We're interested in the impacts of a proposed HST.

I apologize; I have an additional question I'm going to add. Just because of the rotation model, we didn't get to ask questions of Mr. Crispino and I regret it. Maybe I could ask, through you, Chair, if the appropriate ministry—and I'm going to guess it's public infrastructure renewal that's doing the high-speed rail link feasibility study?

**Mr. Len Crispino:** We're not sure who's doing it exactly, but I guess what we're saying is that there are a number of reviews that are taking place to kind of help push the project along. We would encourage—

**Mr. Tim Hudak:** I'll pose my question in this way. Would the appropriate ministry update the finance committee on the proposed Ontario-Quebec high-speed rail link, including the following information: the due date of the feasibility study, any early findings of the study, the terms of reference of the feasibility study and the individual or group conducting the study. That would be helpful, I think, for our considerations, Chair.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### LIFELABS MEDICAL LABORATORY COALITION

**The Chair (Mr. Pat Hoy):** Now I call on LifeLabs Medical Laboratory Coalition to come forward, please. Good morning. You have 10 minutes for your presentation. There could be five minutes of questioning. I'd just ask you to identify yourself for our Hansard recording.

**Mr. Jeff MacDonald:** Thank you, Mr. Chairman; thank you, committee. My name is Jeff MacDonald. I am the general manager for LifeLabs Medical Laboratory Services here in Ontario. Thank you for inviting me here today to contribute to the pre-budget consultation hearings. I'm here to represent LifeLabs, formerly MDS Diagnostic Services, Ontario's largest community medical laboratory provider and a vital member of a patient's extended health care team. LifeLabs provides medical laboratory testing to patients under the Ontario health insurance plan, tests that help in the prevention, diagnosis, monitoring and treatment of illness and disease.

Laboratory testing is integral to our health care system. Some reports estimate that lab results constitute about 70% of a patient's medical record, while up to 80% of clinical treatment decisions are based on the results from laboratory tests. As we all know, early and effective treatment of illness and disease can deliver significant savings to the health care system and, more importantly, improve the health of Ontarians. According to a 2007 report conducted by Deloitte and Touche, laboratory testing in Ontario has delivered over \$1.2 billion in savings to the Ontario health care system in the past 10 years, yet laboratory testing makes up less than 5% of the Ontario health care budget.

I'm not here to tell you that we are just a low-cost provider and a savings vehicle for the health care system. We ensure access to laboratory health care services throughout Ontario; we deliver quality, we deliver innovation and we are continually finding ways to deliver added value to the public health care system. With a provincial infrastructure of over 2,000 health care professionals, we ensure access to health care services through our patient service centres as well as through 11 testing centres in Ontario. We do have 125 collection sites and we provide local access to services throughout rural Ontario. Through this infrastructure, we receive more patient visits annually than all the emergency room departments in Ontario.

It is through this infrastructure that a resident in the far north of Ontario receives the same access to test services as those who are in the Niagara region. We're also one of the very few health care providers that measures wait times in minutes, not days, weeks or months. We have also adapted the tradition of the old physician home visits. We visit many patients in their own homes and through long-term-care facilities.

We are an important founding member of the Colon Cancer Check program and we've developed a centre of excellence for fecal occult blood testing right here in the Niagara region. We are also a founding member of the Ontario Laboratories Information System, which is a precursor to a full patient e-health record. We provide all of these services through a capped funding agreement which delivers greater value to the public health care system each and every year, since the annual increases in demand for laboratory services significantly outpace any increase to our annual funding.

Based on our level of expertise and patient interaction, I'd like to raise three points to discuss with the committee related to maintaining a strong standard of comprehensive health care in light of the current economic climate. I'll start off with supporting patient access to community laboratory services; secondly, I'll touch on introducing new tests, and I'll use the new PSA test as an example; and thirdly, I'd like to gain the committee's attention on developing new programs for chronic disease management, and specifically a proposal that we have for diabetes management.

#### 1040

Starting off with supporting patient access to community lab services, we recognize that the current global economic crisis is having an impact on the government's fiscal resources. Ontarians continue to need access to health care services, including the crucial services we provide, nonetheless. We see this in the growing number of patients that we are supporting. This year, our patient volumes are increasing at greater than 10%, year over year, from 2007, and we expect volumes to increase by similar amounts over the next several years.

These increases are being driven in large part by government health care priorities such as incentives to physicians for the early detection and improved monitoring and management of diseases, as well as support for non-



attached patients. These are all wonderful priorities and we support these priorities, but we will require additional funding in the future to cover the resulting increase in demand for laboratory testing.

This fall, our industry was asked to accept very modest funding increases over the next few years, increases that will not cover the rise in demand from our patient volumes. Given the global economic crisis and the importance that we place on public health care and services, our industry is willing to support and do our part in helping the health care system weather the current economic storm; however, we need to receive assurances for the future that our services will be recognized and supported, as well as the drivers that go along with that.

Secondly, I'd like to talk about introducing new tests, and I'll briefly touch on the prostate-specific antigen test. In 2007, the government committed to cover the cost of prostate-specific antigen testing delivered in community laboratories as part of the early detection and effective treatment of cancer. We understand the importance of this commitment and are in a unique position to assist the government in delivering this commitment. We simply ask that, should the government continue to proceed with the introduction of PSA testing and extending that into the community laboratories sector, the necessary financial resources to appropriately sustain such a program follow that testing.

Thirdly, I'd like to call the committee's attention to diabetes management and chronic disease management in general. The costs of chronic disease, and more specifically diabetes, are mounting at an alarming rate. According to the latest research, diabetes will cost the province of Ontario approximately \$40 billion over the next eight years in direct and indirect costs. It's no wonder that diabetes has been identified as a top priority by the Minister of Health and Long-Term Care. LifeLabs and the community laboratory industry support this and we think that we can help the government achieve its objectives. LifeLabs and the community labs sector are uniquely positioned to assist the government in this initiative. Because of our patient interaction, our geographic reach and our experience in managing large volumes in a cost-effective, high-quality manner, we can help the government deliver on this initiative.

We have led and developed a disease management model for diabetes that focuses on the following: early patient identification, making sure diabetics know that they are diabetics; physician and patient notification; the patient testing process; ensuring that the patient is empowered to self-manage and ensuring their compliance through the diabetic cycle; and results management.

We are currently meeting and engaging with the Canadian Diabetes Association on this model and are planning to jointly bring this forward to government. We believe our model of chronic disease management for diabetes will deliver an expected savings to Ontario's health care system that could be over \$2 billion over the next 10 years, and that's a conservative estimate. We call on the Ontario government to proceed on schedule with

its diabetes strategy despite the current fiscal situation, and to meet with us to understand and support our initiative, which will deliver a significant return on investment for the government while positively impacting the lives of Ontario's diabetics.

I'd like to summarize by bringing your attention to the fact that community laboratories are a linchpin of Ontario's health care system. We provide both patients and physicians with access to vital test information which they need in order to make key health care decisions. Our involvement makes it possible for the health care system to sustain the toughest of economic times and still meet the demands of an entire population. However, we need government recognition and support for our services so that our ability to contribute to achieving the government's overall health care objectives can be maximized.

As we've demonstrated through our delivery of high-quality, accessible laboratory services over nearly 40 years, and more recently through our involvement with ColonCancerCheck and our establishment of OLIS, we can be a part of the solution and we can lead toward solutions. Through proper support, this can continue through 2009 and beyond.

I'd truly like to thank the committee today for the opportunity to present to you and I would be open to any questions.

**The Chair (Mr. Pat Hoy):** Thank you. We'll go to the official opposition. Mr. Hudak.

**Mr. Tim Hudak:** Mr. MacDonald, thank you very much for your presentation and for making the trip down the QEW this morning in some nasty weather.

I have a quick general question. Some folks, whether they be legislators or deputies to the committee, argue that increasing delivery through private sector for-profit companies is the creeping privatization of health care. They would rather it be government-run or not-for-profit groups. How do you respond to that, in a general sense?

**Mr. Jeff MacDonald:** I think that it's important for Ontarians to recognize that the delivery of laboratory services through this model has been in place for over 40 years. We deliver publicly funded health care services in a cost-effective manner for the government of Ontario. Without the delivery through this model, the government would have paid over \$1.2 billion in additional funds over the past 10 years.

**Mr. Tim Hudak:** Through public sector delivery—

**Mr. Jeff MacDonald:** Public sector delivery.

**Mr. Tim Hudak:** You mentioned that you're doing the old-style physician house calls. Can you give us an example of that?

**Mr. Jeff MacDonald:** Sure. LifeLabs visits over 600,000 patients a year, either in their own homes, if they're homebound, or in long-term-care facilities. We actually hold the largest market share of that segment in Ontario. We deliver about 70% of home visits in Ontario through LifeLabs.

**Mr. Tim Hudak:** On the third page, you said, "This fall, our industry was asked to accept very modest funding increases over the next few years...." Help me to

understand that. The timing is this fall, so this is halfway through a fiscal year. Could you give me some more information on what that point meant?

**Mr. Jeff MacDonald:** The Ontario Association of Medical Laboratories entered a three-year agreement with the Ministry of Health in April 2008. Unfortunately, negotiations on that were delayed until the fall, so we are just at the final stages of completing that agreement with the government. It will be retroactive to April 1, 2008, and will be a three-year agreement that has decreasing percentage increases year over year which effectively, if you average out the three years, comes in around 2%—and which is a volume increase of 10% to 14%.

**Mr. Tim Hudak:** You say 10% from 2007, in a previous bullet.

You give particular emphasis to the diabetes strategy, and you want the government to continue on its timetable for its strategy. Can you give us some specifics in terms of what you think the deliverables are on the diabetes strategy and what role LifeLabs will play?

**Mr. Jeff MacDonald:** LifeLabs can ensure patient compliance. The Canadian Diabetes Association recommends that hemoglobin A1c testing be done once every four months for each diabetic, as well as other testing on a quarterly and an annual basis. We have evidence that only 6% of diabetics are having their hemoglobin A1c done four times a year. If we can increase that percentage up to north of 90%, which we believe we can do with our program, we will delay the onset of co-morbidity diseases, which will save the health care system billions of dollars over the next 10 years.

**Mr. Tim Hudak:** What's missing here is the budget. Are there funds that have been allocated and you're worried they'll be depleted? Or do new funds have to be allocated to execute that strategy?

**Mr. Jeff MacDonald:** We are looking for consultation with the government, as part of an investment piece. We understand that about \$749 million has been allocated toward diabetes management. We have specific areas of knowledge where the government is looking to improve patient compliance and delay of co-morbidity. We would like to put forward our plan as part of that \$749-million allocation.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

## NIAGARA HEALTH COALITION

**The Chair (Mr. Pat Hoy):** Now I call on the Niagara Health Coalition to come forward, please. Good morning. You have 10 minutes for your presentation. There could be five minutes of questioning. I'd just ask you to identify yourself for the purposes of our recording Hansard.

**Ms. Sue Hotte:** Good morning, everyone. Thank you very much for this opportunity. My name is Sue Hotte. I'm co-chair of the Niagara Health Coalition.

We are a network of individuals and organizations that are here to protect and enhance health care in the public system. We have been very active in Niagara since 1999.

We are non-partisan. In 2001, we held a community plebiscite in which more than 12,400 people voted to stop the privatization of St. Catharines's new hospital.

### 1050

We do share and support the Ontario Health Coalition's presentation that occurred earlier, and we are also concerned about the lack of long-term-care facilities—here in Niagara, there are over 1,000 people waiting for placement—and the lack of public accountability in these facilities. We have been the site of large protests against competitive bidding in home care.

However, the large budget deficit in the Niagara Health System due to serious provincial underfunding for the past six years and the proposed restructuring plans, including the redevelopment of the St. Catharines hospital as a P3, will be the focus of our presentation.

The Niagara Health System did present a restructuring plan—the hospital improvement plan—because it's a requirement of the provincial government. This year and next, global budgets for hospitals, as you are aware, have been set at rates that are lower than the rate of inflation. This was done well before any threat of recession as a purposeful attempt to force further restructuring on Ontario's hospitals. This committee should pay particular attention to the consequences of this policy in Niagara because restructuring entails a whole new set of costs, both monetary and in terms of compromised health and reduced services.

If we look at the bottom line, the plan calls for the closure of two hospitals by 2013, one in Port Colborne, which has a population of 30,000 people, and the other one in Fort Erie, which has a population of 19,000. Please note that in the summer these populations more than double. The plan says that their hospitals will be replaced by one community health centre, and the location has yet to be determined. But a community health centre is certainly not a hospital, and it means that there are going to be significant cuts to services, and this could endanger patients.

We already have a backlog in the emergency departments in Welland and in Niagara Falls. For example, almost 7,000 people used the Port Colborne emergency last year. It's so bad that for three months the regional municipality of Niagara put in two more ambulances at a cost of \$125,000. If you project that for a year, it's \$500,000. If those emergency departments are closed, then definitely it's a significant cost to the regional government.

The other thing that is a huge concern is that all the birthing—maternity and child—services in the peninsula will be centralized to the new St. Catharines site. Ironically, the highest birth rates occur in Niagara Falls and Fort Erie. Once again, this means that birthing services in Welland and Niagara Falls, where they're presently found, would be cut. It presumes that the infrastructure will be funded and that there are going to be savings from cuts to staffing. There's a great concern to many of the additional risk to patients because they are travelling farther. Anyone in this area who has tried to get from



Fort Erie to St. Catharines and there happens to be a storm, well, good luck to you. You're in really deep—you're putting yourself at risk.

The other concern that we have is that the mental health beds are to be centralized in St. Catharines. People will no longer be able to visit their loved ones in the facilities in Welland and Niagara Falls. A huge problem in this area is that we have no regional transportation system, so many of these costs are going to be downloaded to the regional municipality. Taxpayers, in the end, will have to pay for these higher costs and people are not going to be well served by the centralization of the mental health beds.

In their presentation, the Ontario Health Coalition has outlined the high costs of the last round of provincial hospital restructuring. In Niagara, the last round of restructuring has resulted in the forced amalgamation of all the local hospitals in the peninsula. Has there been any consultation or evaluation on the impacts from that round of restructuring? Clearly the public evaluation is that restructuring has not reflected the needs of the smaller communities, and when you have 6,000 people coming out with their concerns in Fort Erie and you have 3,000 coming out in Port Colborne, it's clear that public consultation is extremely important to these communities.

A recent poll has also shown that there's no public trust in the Niagara Health System in terms of its governance and management. The provincial government has also refused to fund any reasonable hospital deficits. This has grave implications for patients here and it is unlikely to save any money. Why? Because we are a system that presently has a \$17.2-million deficit. It's projected to be the same next year. Through the restructuring plan they're hoping to get something like \$3 million in savings, and that is very dubious. It will continue to be in a deficit situation because the Ontario government has never properly funded—its funding model, as far as it reflects the Niagara Health System, is totally inadequate.

Am I getting near the end?

**The Chair (Mr. Pat Hoy):** No. You have three minutes yet.

**Ms. Sue Hotte:** Okay, sorry.

We've very concerned about the new hospital. The Deutsche Bank is one of the financial partners and they're having problems, as you know, with securing actual cash. So what will be the implication with regards to the new hospital? The longer it is delayed, the more it will cost at the end.

As you go through this—hopefully you have a good look at it. The Niagara Health System has the third-highest mortality rate in Canada in hospitals; it's at 129. We do need to have more funding, adequate funding. The restructuring plan should seriously be examined. The provincial government should reassess the funding that the Niagara Health System receives.

Furthermore, it needs to take into consideration the total impact of following the P3 model to build hospitals. It does cost more and, when disclosed, taxpayers will be

shocked at how many billions of dollars will be diverted from hospitals and health care in a period of 30 years. The regional government of Niagara and the municipalities of Niagara also need special consideration. They are the ones that will be paying for the additional cost of a regional transportation system, increased costs to provide an ambulance system and the list goes on. All citizens of Niagara deserve to receive and have access to the same best hospital and health care that is available to citizens in the Golden Horseshoe.

I thank you for the opportunity to present our concerns to your committee.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation. The questioning will go to the NDP, Mr. Prue.

**Mr. Michael Prue:** Yes. We earlier heard from Ms. Mehra about the cost overruns of P3 hospitals. We are very worried about what's going to happen in St. Catharines in the same term, and I thank you for what you're saying. Is there anything we can do at this point to change the formula, in light of what's happening with Deutsche Bank, and take it away from being a P3 hospital and make it a publicly built hospital?

**Ms. Sue Hotte:** I think that's what the government needs to do in terms of changing how it wants to build infrastructure facilities like hospitals and roads in Ontario. It has the ability to borrow the money at a cheaper rate, it can get credit much more quickly than most financial institutions, and so they're quite capable of doing that. They have decided to follow this model which, at the end of the day, will cost huge amounts of money.

**1100**

I just did a quick calculation: If you're looking at a difference of 1% for the St. Catharines hospital, \$600 million between 6% and 7%, the difference over the cost of 30 years is \$92 million. I don't know about the rest of you, but we could certainly use that \$92 million in a very good way to enhance health care here in Niagara.

**Mr. Michael Prue:** One of the proposals has been that if Deutsche Bank and the consortium fail, they go to the next bidder. Would it be better for the government to just not do that and just embark on a hospital building entirely in government hands?

**Ms. Sue Hotte:** Definitely, because this hospital was announced in 2002-03, to be built by 2008-09. Then it went to 2006, and it was announced that it would be 2011; and just a few days ago, now it's 2013. If you look at the Peterborough hospital, it was built through the traditional means. They got their hospital much more quickly, on time, on budget. Do it that way, because you just have too many players within the consortium. And just to let you know, I'd like to know how in the world Shoppers Drug Mart got into the consortium, and they have dibs in the new hospital—all right? There's all kinds of stuff going on there; I don't know.

**Mr. Michael Prue:** Yes. In this time of economic downturn, when we are struggling and trying to get construction workers and keep them occupied, it seems foolhardy to delay the process if you can do it right away,

when we need to stimulate the economy. Do you foresee, if the government took this over and had this as one of its stimulus packages, that we could break ground and start building sooner?

**Ms. Sue Hotte:** Definitely. They've already done all the soil testing. In fact, there was one company out there a couple of weeks ago doing some soil samples. They're ready to go. The design has pretty well been approved. Just go with it; build it. Certainly in our area, looking at 7.5% or 7.6% unemployment, it would be a boost to the economy. The sooner they start building it, the better.

**Mr. Michael Prue:** Thank you.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation.

### COMPUTER ANIMATION STUDIOS OF ONTARIO

**The Chair (Mr. Pat Hoy):** I would call on the Computer Animation Studios of Ontario to come forward, please.

**Mr. Ron Estey:** Good morning.

**The Chair (Mr. Pat Hoy):** Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I would just ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Tim Hudak:** Is it animated?

**The Chair (Mr. Pat Hoy):** Is it an animated presentation? I'm being asked.

**Mr. Ron Estey:** I can wave my hands.

My name is Ron Estey. I'm the past president of the Computer Animation Studios of Ontario. I'm also president of CORE Digital Pictures animation studio in Toronto.

I wish to thank you, Mr. Chairman, and the members of the committee for permitting me to speak with you this morning about what we consider to be a brilliant success story in terms of industrial policy and industrial development in Ontario. I recognize some of the faces around the table from the presentation I made two years ago. I don't rigorously follow my notes. I will just chat with you about animation and let you know a little bit about where we see the animation business and the digital effects business evolving over the next little while.

This indeed is a success story. It's a success story that is built on government policy as well as educational policy in the province of Ontario. Two years ago, when I sat here in front of you, I gave you a number of opinions of what I saw as the animation and digital effects business in Ontario. With the generous support of the Ontario Media Development Corp., I now have some hard numbers based on the survey that was conducted in the industry last year.

In fact, two years ago, we really didn't know we had an industry, but we do have an industry. We have an industry that spans the province from Yonge St. to Ottawa to Sault Ste. Marie to St. Catharines, and company formation continues. We have just received a new member in our association from Guelph, Ontario, so

certainly the expanse of digital technology and the capacity to not be constrained to walking distance of Yonge Street or Sparks Street is something that we're seeing.

The Ontario government has certainly been supportive of knowledge-based industries and digital media production over the last decade, and has been at the forefront of that in North America and the world. We see that the results of that have been spectacularly successful. Since 1997, when OCASE, the Ontario computer animation and special effects refundable tax credit, was introduced, we have had a 1,300% increase in employment. There has been the establishment of 80 to 90 permanent businesses in Ontario, small to medium-sized enterprises, producing digital animation and digital visual special effects. We have around 2,000 employees. Of that, about two thirds are artists working on the floor, digital artists, with Sheridan College, Centennial College and Seneca College being the major schools. But certainly most of the larger studios—at the studio that I work for, we have 20 software developers and 15 systems engineers who keep the infrastructure operating. So it's not just artists on the floor working with computers; it's all of the infrastructure that is accompanying that.

Our sales last year were about \$200 million. Our message to Ontario is: Build on the success. This is an industry that is somewhat recession-proof. It is built on the knowledge of our staff and employees and on our capacity to compete in the world market. In the decade since OCASE was established, there have been, as we see day by day, substantial changes in the marketplace. That's not just in the animation and visual effects marketplace; it's everywhere.

The one aspect of OCASE that was fundamental to its establishment 10 years ago was the prospect of building permanent studios with permanent employees in the province. Certainly, part of that has been true; we are building permanent businesses which employ Ontario residents. However, what has happened is that, as the world market has expanded, the workforces have become more and more itinerant. The best artists can go anywhere. They can go to Toronto, to Ottawa, to Montreal, to Vancouver, to Sydney, to Wellington, to Mumbai, to Paris, to London and to New York and get good-quality work. What we're seeing is the evolving of a huge, in relative terms, industry—probably 1,000 to 1,500 highly trained, highly skilled artistic people who travel the world looking for the cool work, because that's what they want, and that's what we try to provide them with in Ontario. But the work is granular. It's a project here, a project here, a project here as the workforce travels the world to seek out that work. So what we're finding is that we'll have an animator who was trained at Sheridan College come to work for us for two to three years, move to Vancouver and work for a year, come back to Ontario and work for a year, go to Los Angeles and work for a year, go to Paris and work for a year, and come back to Toronto.

One of the aspects of OCASE, the computer animation tax cut, is that it is based on the residency of the em-



ployee the year before. Insofar as the inception of projects is fundamentally random, we have really no capacity to predict when projects are going to start. So we're finding, in practice, that what we call the prior-year rule for the computer animation tax credit qualification of employees is becoming a constraint on our ability to access the tax credit that would be normally accessible to us for those employees.

1110

We're asking the committee and the government of Ontario to consider a minor refinement to the OCASE tax credit to harmonize it with the practice in Quebec and with federal tax credits, those being that the requirement for residency is when the work is done, not some prior period that may be somewhat arbitrary in relationship to the project's inception. That certainly is one of the aspects of the tax credit that we find most troublesome, because it's an after-the-fact adjustment: Only after audit do we understand what the residency of that individual was, because it depends on where they filed their tax credit. So when we go to our banks for funding and we go to build our budgets around the accessibility of the tax credit, there's a risk factor there, an unknown factor.

The other aspect that we would ask the committee to reconsider is harmonizing the OCASE tax credit with the other two Ontario tax credits. That is to permit advances to the tax credit upon accreditation and certification by the OMDC and not after audit. With the success of OCASE, the number of claims has exploded. In 1999, the OMDC had to adjudicate 10 claims for tax credit. Last year, they had claims for 254 projects. That explosion has caused, fundamentally, a slowdown in the certification process. OCASE is the only one of the three Ontario tax credits in which we do not get advances on the tax credit at the point of certification by the OMDC. This has caused substantial working capital shortage for the studios, as we need to carry the tax credit from the time we pay out to our employees to the point, two to three years later, when we actually receive the cash from the tax credits.

**The Chair (Mr. Pat Hoy):** You have about a minute left.

**Mr. Ron Estey:** Thank you. This is also exacerbated by a new development over the last two to three years with respect to OCASE. As it has become more and more of a known element in the Ontario tax credit spectrum, producers are asking for it to be discounted to them up front. So not only are we, I would say, robbed of the capacity to use OCASE for building infrastructure, buying computers, buying software, developing software; it has now become a discount chip that we need to put on the table up front in order to secure business as we compete worldwide. The added necessity for us to fund not only the OCASE tax credit but also the discount that's associated with that causes a diminishing of the tax credit by about 4% or 5%. Fundamentally, those monies go to the Royal Bank or the National Bank to underwrite the funding of the tax credit.

So those are the two refinements—and I will call them “refinements”—to the very successful program that Ontario has run for the last decade, and that being OCASE: to remove the prior-year residency requirement and to harmonize with the other two tax credits the ability to get advances to the tax credits upon certification by the OMDC.

Thank you, Mr. Chairman and committee, for your time.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to the government.

**Mr. Charles Sousa:** Thank you very much for being here. This is very exciting; it really is. I find it fascinating, the whole industry—film, and certainly the animation portion of it—and you make us very proud as a country, not just as Ontarians and as a jurisdiction, because we've really shown some leadership in the explosion of our artists and of those who are in the business. I'm pleased that we can contribute as a partner in terms of the Ontario government providing those tax credits and those incentives to enable the industry to prosper here in Ontario. It's not just the film industry or the animation industry or the government itself; it's also, as you've mentioned, the banks. A number of them have specialized in the industry, as have some of the others, and it's great to see that partnership and that ability to move forward.

I'm trying to get clarification now on the differences between the Ontario film and television tax credits versus the animation one, and the timing. You've mentioned that the banks, in essence, are factoring your receivable.

**Mr. Ron Estey:** That's correct.

**Mr. Charles Sousa:** And it's at a higher cost and a longer period of time. What's the difference? Why are you receiving it at a lag versus the other ones? Are they expecting performances from you first?

**Mr. Ron Estey:** There was a period prior to about 2002, as I recall, where none of the tax credits would receive advances. When the Canadian dollar started to move, this was causing the film producers to go through the same kinds of delays that we're going through in terms of being short of cash.

An organization called FilmOntario, one of our sister organizations, made representation to have advances applied to the other two tax credits, the Ontario production services tax credit and the Ontario film and television tax credit, and that was granted. OCASE was left off the table. We're not particularly sure why.

CASO, the animation association, didn't exist then. We see that we were perhaps a poor sister. It wasn't a matter, I think, of anything that was divisive or conscious. It was just not something that was asked for, and so it wasn't granted.

**Mr. Charles Sousa:** Where do you see the industry going? I know the schools are big now. We've got great institutions supporting the successiveness of new players into the thing. You say it's recession proof. Explain.

**Mr. Ron Estey:** The quality of the artists coming out of Ontario is second to none. A decade ago there was one

world-class school; that would be Sheridan College. Now there are three—Sheridan College, Centennial College and Seneca College—clearly producing world-class artists. Of course, that's matched by the world-class computer software developers we get from the University of Waterloo and the U of T. In our judgment, this can be the epicentre of digital media creation for film and television.

I don't have it with me, but the new mode of transmission of this is going to be digital, is going to be handheld, is going to be Internet TV. My sense is that we're getting fairly serious cost pressures from India right now, from Thailand. A new animation studio just opened in Kathmandu.

The world of animation is spreading. The Pricewaterhouse annual economic forecast sees growth of 12% per year over the next five years. I think that we're on top of that. I think that we've got the infrastructure, we've got the management skills and we've got the artistic skills to lead the world.

**Mr. Charles Sousa:** Congratulations.

**Mr. Ron Estey:** Thank you very much.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Ron Estey:** Thank you so much, gentlemen, ladies.

## BEGINNING FARMERS

**The Chair (Mr. Pat Hoy):** I'd ask the Beginning Farmers to come forward, please. Good morning. You have 10 minutes for your presentation; there could be up to five minutes of questioning. I'd just ask you to identify yourselves for the purposes of our recording Hansard.

**Mrs. Teresa De Wetering:** Thank you, Mr. Chair. My name is Teresa De Wetering. I'm here today as a beginning hog producer along with my husband, Richard, sitting back there. My colleague Wayne Bartels is here as a beginning hog producer as well to tell his story. We are representing a group of over 100 beginning/expanding farmers who have joined together in recognition that the current safety net payments made within the recent years of 2007 and 2008 do not make allowances for the beginning-farmer situation, thereby leaving them out. The majority of the group consists of hog producers, followed by beef farmers and two horticulture farmers.

The livestock and horticulture industries are very important to the province of Ontario. We are aware that the Ontario Cattlemen's Association, Ontario pork producers, and Ontario fruit and vegetable growers, as well as the farm federations have all submitted budget suggestions, oral and/or written, identifying the struggles and importance of agriculture. With respect to the livestock industry, both the cattlemen and pork producers have indicated that there is still a serious crisis and an appreciated need for safety nets. As beginning/expanding farmers, we couldn't agree more.

1120

We have prepared a presentation discussing the issues revolving around safety net design flaws and the begin-

ning/expanding farmer. I'm not going to show it on PowerPoint, as I didn't realize I had to bring my own computer, so I'm going to continue on. The document that I gave you has the slides sort of set in there.

The three payments that have negatively affected the beginning/expanding farmers to date are cost of production; Ontario Cattle, Hog and Horticulture, referred to as OCHHP; and Kickstart. We would like to explain the problem and then provide a solution, such that the beginning/expanding farmers can receive a fair payment. Our presentation is from the perspective of the beginning/expanding hog farmer with regard to safety net design flaws.

Livestock crisis issues: Support programs need to encourage and support new farmers to start and remain in business. Beginning farmers are our future. These individuals will be increasingly important to the coming decade, as record numbers of producers are expected to make way for a new, younger, and debt-leveraged generation.

Some definitions—from Canada Revenue: The beginning farmer is someone who has started farming in the last three years; after your start-up year, you are considered to have expanded. The reality of the beginning/expanding farmer: Until you have a history of five years, you are not an established farmer. If a payment is based on historical numbers for which you have no records, you are beginning. You're not a "beginning livestock producer" until you own your own livestock, as per CAIS rules—the generation caught in the middle.

The problems with the OCHHP: It has excluded the beginning/expanding farmer since 2000; it included the retired, dead and bankrupt companies; it had no clawback and no caps; it created an uneven playing field among producers; it does nothing to encourage and support new farmers to start and remain in business.

Inequities: All producers, young and old, beginning and established, pay equal service fees to their commodity boards. If countervail costs were to result from a government assistance program, all producers pay—the beginning farmer too. All producers, as stakeholders, have the right to be supported fairly. This right has been fundamentally violated.

A brief history: In September 2007, the Canadian dollar ran par to the US dollar; the livestock industry, already in crisis, was coined the "perfect storm."

On December 4, 2007, the Ontario Cattlemen's Association was seeking per head funds; Ontario Pork asked for cash for Christmas; a similar lobby for hogs shipped up to November 30, 2007.

On December 14, 2007, the provincial Minister of Agriculture, Leona Dombrowsky, announced they would provide \$150 million to increase competitiveness and help Ontario cattle, hog and horticulture farmers manage the impact of higher input costs, the stronger Canadian dollar and lower market prices; OCHHP details were released, with \$60 million to the hog sector based on cost of production, 2000-04—a one-time initiative designed to target assistance to those dependent upon cattle, hogs or



horticulture for the majority of their farm income and deliver the funds as quickly as possible. Using the COP payment as the base for OCHHP provided an easy way of getting the money out quickly—many farmers were thankful—but it did not make sure that the beginning/expanding producer dependent upon cattle, hogs or horticulture for the majority of their income was included. Was it a requirement that you must have been farming from 2000 to 2004 to be treated fairly? A payment promised for all suffering financial losses went to a payment excluding and seriously shortchanging the beginning/expanding farmer. These farmers need a fair payment to survive the crisis, just the same as the established farmer.

The crisis continues today. Thankfully, the federal government provided assistance via an emergency loan livestock program that did not distinguish between farmers. However, a solution is still needed. Beginning/expanding farmers need a relief payment geared to those who fell through the cracks. The payment must be based on similar rules of the OCHHP—the 50% rule still applies, but for the 2007 production year. Changes to the eligibility criteria and the payment calculation are needed. If the 2000-04 allowable net sales are less than the 2005-07 ANS, then the farmer is a beginning/expanding farmer. This qualifying rule needs to be analyzed to establish the funding required. The application could be completed by an accountant. A cap should be applied, with an appeal process for the exceptions.

As a stakeholder representing a group, I would personally appreciate the opportunity to discuss the details of a beginning/expanding relief payment. Once this problem is solved, all farmers can then be treated fairly.

The Honourable Leona Dombrowsky has said, absolutely, she wants to help the new-entrant farmer. We cannot forget about the generation caught in the middle, the beginning/expanding farmer, the new entrant of the last 10 or so years, the one who has been left stranded.

We have already had beginning hog producers exit the industry; some have succumbed to selling their home and moving. The livestock industry is still in distress. Any further losses will be felt in other infrastructure segments, such as feed and other input suppliers and equipment dealers. If we force the beginning/expanding farmer out of agriculture, we lose more family farms and contribute further to the farm population getting smaller and older. This will lead to further losses of processing jobs in urban Ontario and a reduction in Canadian value-added GDP.

I would like to ask Wayne to briefly tell his story in the time remaining.

**Mr. Wayne Bartels:** I'm Wayne Bartels. I farm with my brother Geoff Bartels. We're beginning farmers.

We are a family farm consisting of myself, 35 years old, my wife, Hilda, our five children; and my brother Geoff, 28 years old, his wife, Chelsea, and their two-month-old daughter.

We entered the hog business in 2005 and currently have a 625-sow, farrow-to-finish operation. Our goal

from the start was management excellence, and we have been very successful and have already won the much-coveted \$20,000 PIC Camden Cup award for the highest sow production across Canada in 2007.

However, due to the government support program's use of the years 2000 to 2004 to calculate payments, we have missed out on critically needed funds that most other farmers have received. We have received zero dollars from the cost-of-production program and zero dollars from the Ontario cattle, hog and horticulture program. As young farmers we were missed, while retired and deceased farmers who farmed through the years of 2000 to 2004 received payments.

Due to the faulty distribution of the government support payments, our farm is now in severe financial difficulty, and we are having trouble getting feed delivered to our farm. We have been in contact with and have met with our MP, MPP and the Ontario agriculture minister, but so far our efforts have been fruitless.

Our farm, and everything we have worked for, is now on the brink of financial disaster. We need your help in receiving a relief payment. A government that wants more young people in agriculture needs to stand behind the young people who are already in agriculture. If not, young, top farmers like my brother and me will go bankrupt. Please, beginning farmers need the support of the Ontario government before it's too late.

Thank you for taking the time to listen to us today.

**Mrs. Teresa De Wetering:** And on behalf of all the members in our group, some of whom no longer are farming, we'd like to say thank you for taking the time to listen to our request.

**The Chair (Mr. Pat Hoy):** And thank you. This questioning will go to the official opposition.

**Mr. Ted Arnott:** Thank you for your presentation; it was excellent.

**Mrs. Teresa De Wetering:** Thank you.

**Mr. Ted Arnott:** Is the OFA supporting the kinds of points that you're making? You felt the need to organize as a separate organization.

**Mrs. Teresa De Wetering:** The OFA is extremely supportive. I must confess they have been a great help in pushing me to bring this as far as it has come. They have also helped with the presentation. I presented a similar presentation to the OFA, but via questions and then handing out the presentation format. I didn't actually have a time slot to speak.

I also had the pleasure of meeting Honourable Minister Leona Dombrowsky face to face, and that was a pleasure. That's where I get the comment that she said, absolutely, she wants to help the new entrant.

There was a forum speaking about the new-entrant farmers, but we're not new entrants. We're the new entrants who have been there in recent years, and that's the problem.

**Mr. Ted Arnott:** All right. You mentioned the meeting—no, actually, the announcement that took place on December 14, 2007, of \$150 million for cattle, hog and horticulture farmers. There was a meeting that took place

that very same evening in Perth county. Perhaps, Wayne, you were there, because I was there too. There were hundreds of farmers there to discuss this. I made the point that if it wasn't enough, we needed to redouble our efforts to make sure that there was—

**Mrs. Teresa De Wetering:** Was that—there was a meeting in Mitchell, but that was prior to the announcement.

**Mr. Ted Arnott:** It seems to me there was one that very night, but it might have been—

**Mrs. Teresa De Wetering:** Okay. I didn't attend that one. I have a three-year-old daughter at home and a two-year-old son who at that time would have been a little younger—two and one. I don't recall attending it. Do you recall that meeting, Richard?

1130

*Interjection.*

**Mrs. Teresa De Wetering:** I mean, we miss some of the political things. That's part of the problem. When it started out and we read the newspapers—I read the Ontario Farmer—it was a payment for all. I didn't worry about it. When I was in Mitchell, I didn't realize the problem. I didn't even realize how seriously my hog industry was affected as a beginning hog farmer. We have lots of other issues getting a farm up and running. I don't know if you can be criticized for a lack of attention, but—

**Mr. Ted Arnott:** Certainly it is a commitment of our Progressive Conservative caucus to work with you and support you right now, obviously, and into the future.

Wayne, did you meet directly with the Minister of Agriculture?

**Mr. Wayne Bartels:** I did not, no. I went to Queen's Park and was a guest of Ernie Hardeman there.

**Mr. Ted Arnott:** What did your member of provincial Parliament say in terms of encouragement and advice?

**Mr. Wayne Bartels:** I'm in Haldimand, so we have Toby Barrett. He actually visited our farm about a month ago and then he spoke also in the Legislature about his visit that morning; he spoke in the afternoon about that. So he's very supportive of us.

**Mr. Ted Arnott:** We'll keep pushing for you.

**The Chair (Mr. Pat Hoy):** Mr. Hudak.

**Mr. Tim Hudak:** In fact, I know my colleague Toby Barrett wrote a column about the particular position, how you've been impacted. Toby couldn't be here with us this morning but sends his best; he was fighting for you.

The federal government provided emergency funding, you said, to address this situation. Obviously, the government screwed up. I mean, there's no other way to describe it if they're using data from 2000 to 2004 for a crisis today. Is there any indication whatsoever that the province may try to follow a similar path to the federal government to address this situation and the current crisis?

**Mrs. Teresa De Wetering:** To date there is not, and to me it seems almost obvious that it's an opportunity for success for Leona because it actually stems from the cost-of-production payment, which is a federal mistake.

There's more cost-of-production money being allocated to the provinces. That could be money that could be used to fix the problem. I don't believe it's excessive millions of dollars—it is millions of dollars, but it's not near to the amount that the retired farmers got paid. We don't know the exact dollars. It's been very difficult getting our questions answered, but there are many questions tabled to the provincial government at the moment via the estimates.

**Mr. Tim Hudak:** Do you know how much the funding would be, approximately?

**Mrs. Teresa De Wetering:** I have a guess. My guess is around \$5 million up to \$10 million, which is why you wouldn't put out a payment like this without a cap on it. To me, a cap is a protection too. There are all kinds of protections that got waived with that relief payment, and we understand, as beginning farmers, that the money had to go out quickly. We don't have a problem with that. If they wanted to pay the retired guys, I personally don't have a problem with that. But the fact that they didn't make the allowance to, some months down the track, cover the remainder—one of the sentences I said, "A one-time initiative designed to target assistance to those dependent upon cattle, hogs and horticulture for the majority of their income," is key. We wouldn't be complaining if it wasn't the majority of our income. We're financially strapped—the whole industry is—but the rest of the industry got a payment. That could at least put us on a level playing field.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

WILLIAM CAMPBELL

**The Chair (Mr. Pat Hoy):** Now I call on William Campbell to come forward, please.

**Mr. William Campbell:** Good morning, everyone.

**The Chair (Mr. Pat Hoy):** Good morning. You have 10 minutes for your presentation, and if you would simply state your name for our recording, you can begin.

**Mr. William Campbell:** William Campbell, and I'm here on behalf of my son, Eric. My son is 34 and he's on ODSP. He's got a mental illness, and he's suffering doubly because of the pitiful amount of cash that he gets from ODSP. The last increase that people on ODSP got was three years ago. That was the first increase in 10 years, and they got 3%. That's \$7 a week—the first in 10 years. I think that's sad, very sad. My son has deteriorated since he went on ODSP, not so much the mental illness, but just his physical appearance.

He developed schizophrenia about five years ago. Prior to that, he worked as a long-distance truck driver. He earned his AZ licence. He got a college diploma from Fanshawe and he was a second-year student at Western, but all that is gone. Now he has to go to food banks and is dependent on what we can give him.

**The Chair (Mr. Pat Hoy):** They'll turn the other mic on if you want to speak.



**Mr. William Campbell:** My wife says just to read it. My emotions are in this as well. We've watched him become malnourished and very, very emaciated. Any food he gets is possibly mostly carbohydrates—no protein. I'm just here to ask you to make sure that you consider the people on ODSP when you're doing the budget.

**Mrs. Dorothy Campbell:** I think what we're asking for is for the amount to be increased.

**Mr. William Campbell:** That would be nice. Don't decrease it.

Some of the handouts that you were given are from people like myself, or possibly people suffering from schizophrenia who have fallen into what I call a pernicious system—ODSP. It's a harsh word, "pernicious," but it's all I can think of whenever I realize that, when my son was granted his CPP—\$600 a month—because of his disability, ODSP took that off of him. You may know that; I didn't know that. I was shocked that we as a province, as a country, would try and push people in this situation even deeper. They took \$600 out of his ODSP.

They also have something called the housing allowance. The average single person gets about \$959 a month to live on. That's everything. They have what they call a housing allowance in that, or a shelter allowance, of \$434. What I find pernicious about this \$434 is that my son and another fellow suffering from schizophrenia joined together so that their housing allowance was double \$434, so they were able to afford a better place than what you could get for \$434, which is a stinking room—believe me, a stinking room. They only pay \$750 a month for their two-bedroom apartment. They're taking off \$864 for the two of them for their housing allowance. They're only expending \$750 for their rent. They don't get that back; ODSP keeps that. Am I making myself clear?

People on ODSP are disabled. They don't want to be on ODSP, at least my son doesn't. Some of them have *Ménière's* disease, where you have an inner ear problem and you cannot stand up. A friend of ours developed that. He was a truck driver. He lost his driver's licence and fell right down onto ODSP. People with mental illness—there's no cure. My son will always be on ODSP, although I do believe in miracles.

I think I've said enough. In my present state of mind, I don't want to be repetitious. I don't want to read this. As a teacher, I don't believe in giving out handouts and then reading them to you. I do urge you to read them, please.

1140

I'm not picking at any political party. Harris, Rae, Mr. McGuinty—they do nothing for ODSP. The first thing that Mr. McGuinty decided to slash in this economic downturn was what? Social services. He promised that he was going to repair what Mr. Harris had done with all the hospital closures and stuff. You're all aware of that. But he slices that. He slices the hospitals, the social system, yet we've got billions of dollars to give to—you know what I'm going to say—the car manufacturers, because they can blackmail us. They've got a lot of clout, but people on ODSP have no clout. No, not unless they come

up to Queen's Park and self-immolate could they maybe get your attention, and I hope that never happens. But you've all seen pictures of Buddhist monks driven to despair, who have had to resort to that. I'm just saying that to show you how the weak, the vulnerable, the people with no power are picked on, whereas we spend all this money on big manufacturers of cars that have got themselves into this situation. If we don't have a health system, what's the point of having jobs? It doesn't make sense to me.

And also the war in Afghanistan costs us billions of dollars a year. I'm not anti-war, by no means. I'm not a pacifist, but I don't think we should be cutting our health services here while we're spending all this money over in a foreign war. I'm saying this just to show you that there's money to be found whenever it really has to be found, but seemingly not for my son.

*Interjection.*

**Mr. William Campbell:** Yes.

I think you've given me more than 10 minutes; have you?

**The Chair (Mr. Pat Hoy):** No, you haven't used 10 minutes yet.

**Mr. William Campbell:** No? Well, I struggled at the start.

So as I said, these letters are more eloquent than I at the moment in their plea for help from the government of Ontario, with Mr. McGuinty at the helm, to show that we care and are compassionate, to look after our widows and our orphans and all those other people who cannot make it on their own and have no other resources. We can give up to \$5,000 without ODSP penalizing my son's ODSP payment, but we're on a pension ourselves. Why should we have to give \$4,000 or \$5,000? We give as much as we can to my son. Every time I go up to visit him in London, we bring all this grocery stuff. But again, that shouldn't have to be done by the families. We grieve for my son.

**The Chair (Mr. Pat Hoy):** Thank you. We'll now move to Mr. Prue of the NDP.

**Mr. Michael Prue:** Thank you very much for your presentation and for the emotion that went with it.

**Mr. William Campbell:** Thank you.

**Mr. Michael Prue:** I am the NDP's poverty critic and I stand up in the Legislature probably more than any other person in terms of what is happening to ODSP recipients. The clawback of the CPP—you used the word "pernicious." I believe it is pernicious. He is entitled to the CPP as a person who has worked and who has contributed and is now deserving of this money. The government chooses to claw it back. I hope that the Liberal members opposite are listening to this, because there are a lot of clawbacks. I have asked the minister recently for a total value amount of what the government claws back from all the programs related to welfare and ODSP, and it's not forthcoming. I've been waiting now for six weeks, but I'm sure someday I'll get that information.

What amount of money do you believe your son would need to live a life free of want? You've said the increase is necessary; \$959 is obviously not enough.

Would \$1,500 be? I want the government to hear a number, because this is the finance committee. What amount do you think would free him up from want?

**Mr. William Campbell:** I'm not an economist and I cannot say specifically, but I know that \$20,000—or it used to be \$20,000 a year—was the poverty line. My son is on \$12,000. So, when you're that far down below the poverty line, you need a lot of money. I don't want to be greedy.

**Mr. Michael Prue:** No, no, let's talk. Are you saying that a person on ODSP should be able to at least escape poverty?

**Mr. William Campbell:** Yes.

**Mr. Michael Prue:** You would be looking at an increase of at least 50%, I guess?

**Mr. William Campbell:** Yes.

**Mr. Michael Prue:** There will be some who say that the government can't afford it in hard economic times like we're in. There are others who suggest that this is precisely when we should do this, because there are more and more people facing poverty.

**Mr. William Campbell:** True.

**Mr. Michael Prue:** You talked about the war, but I don't think we can do much about that provincially. Are there any other government programs or places where you think we could save some money to spend it more deservedly on people who are disabled?

**Mr. William Campbell:** Whenever you guys are voting yourselves pay raises, you'd tithe 10% for the ODSP people. That's facetious, but I'm saying that just prior to that 3% rise for ODSP, I think the MPPs at Queen's Park got a good, generous pay increase.

**Mr. Michael Prue:** Absolutely. We did. You know that the NDP voted against it? And I gave all my money to charity, so—but you think that we should be looking at reducing our expenditures to ourselves, perhaps the civil service? I don't know where you're looking.

**Mr. William Campbell:** Wherever there's a lot of bureaucracy, there's a lot of waste. Who's that person who looks at government waste? What's the name?

**Mr. Michael Prue:** The auditor?

**Mr. William Campbell:** The auditor, yes. Those \$600 hammers for the military and stuff like that, and all the rest of those things that they have, self-closing toilet lids; I don't know.

I've never been inside Queen's Park. I've been outside of it, but I'm sure that it's quite luxurious inside, as it should be for Ontario, a province of this history. I'm just saying that there's just too much pork-barrelling, to use an American expression, and Obama, he's going to get rid of that. Good luck. I just think that we should always factor in, when we're doing our own stuff, how this will impact the needy, the orphan, the widow and those that are vulnerable in society, and not always be looking out after ourselves.

**Mr. Michael Prue:** Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. William Campbell:** Thank you. I recovered.

## ONTARIO ASSOCIATION OF CHILDREN'S AID SOCIETIES

**The Chair (Mr. Pat Hoy):** Now I call on the Ontario Association of Children's Aid Societies to come forward, please.

Good morning. You have 10 minutes for your presentation. If you would state your names for our recording Hansard, we can begin.

**Ms. Jeanette Lewis:** I'm Jeanette Lewis, executive director of the Ontario Association of Children's Aid Societies, and with me is Virginia Rowden, director of policy.

We have a presentation; I think you've all got it. We wanted to begin by saying that we appreciate the opportunity to present to the standing committee. We support the government's initiatives to address poverty and invest in this troubled economy. We also appreciate the ongoing support of the children's aid societies by all parties of the House.

Before I speak to the recommendations in the report, I do want to provide a bit of context about the work of children's aid societies. As you know, children's aid societies are mandated under the Child and Family Services Act to exclusively perform legislated functions related to investigation of abuse and neglect, protection of children, prevention of circumstances that lead to protection concern and to provide care for children under the CFSA. We work in partnership with others, but these functions cannot be delegated.

The role of the CAS in investigations and assessments is more familiar to the public, but most people don't understand that 90% of the work relates to other roles in protecting children. Supervision and support of children in their homes or in the homes of kin families: These are the mainstay of the service system and have grown in importance over the last five years. This is work that alleviates risk and prevents admission to care or prevents apprehension of children. It is labour-intensive, difficult and skilled work. It is teamwork, it requires excellent clinical judgment, and done well, it protects children and avoids cost. The work is essential, and in today's economic climate it is even more critical that our CASs are fully supported to do this work.

1150

We're fully aware of the current crisis in the economy, and we are very worried about how this will increase risks to children. You may ask, how will it increase risks to children, and what has that really got to do with child protection? There is a direct relationship. Imagine a plant worker living through months of debate about whether or not the company will downsize or close. There's family stress from that. The announcement comes. There's more stress. The jobs are gone. The frustration and humiliation of applying for EI, then the expiry of EI, perhaps having to leave the family home, then welfare—all of this creates stress on parents and on children and creates more need for child protection involvement in families.

In children's aid societies in the north, where mills closed in the last few years and primary employers left



town, we've had a reported 45% increase in child protection calls. In Windsor, we're already seeing a 13% increase in referrals about child protection. Economic stress, poverty and social-assistance dependency have a direct impact on the ability of a family to care for children, and our CASs see this every day. Research also supports it. So we know there will be a significant increase in the need for protection services as the economy struggles.

I'd ask you to turn to page 6 and just have a quick look at some of the facts about the CAS system. The service statistics are there. I won't go over them, but I would like to highlight some facts about the 9,250 children who are crown wards, and these are children for whom the province of Ontario is the permanent parent: 68% of these children have a special need—they may be ADHD-diagnosed, autistic, or they may have developmental disabilities; 93% of these crown wards have behaviour problems; 20% are suspended from school; and 17% are a risk to themselves or others. These children require a lot of support.

I want to address a recurring question, a question that's often asked of us and I'm sure that's asked of you: Why are the costs of child welfare growing while caseloads are declining? We've tried to explain this in the document on pages 6 through 10, and I'll point to the highlights.

The crisis in child welfare in the late 1990s, with the systemic inquests into the deaths of children in the child protection system and the report of the Child Mortality Task Force, led to major changes intended to increase caseloads and costs, and they did. As the major legislative changes broadened the categories of risk, we saw emotional abuse and neglect being added to the legislative requirements, and the costs of service increased.

The system levelled off a little bit in terms of the numbers by about 2003-04, but the costs didn't start to decline when the caseloads levelled. Staffing costs rose, more staff were needed, more qualified staff, and collective agreements also had an impact.

Administrative demands increased very, very significantly. I'll speak to this later, but suffice it to say that in 2006, the introduction of 12 new standards, 18 directives and 200-plus service substandards, and mandatory reporting on all of these, has cost the system a great deal in staffing time.

As you know, in 2006 we changed the legislation again, and the transformation agenda began. One of the important impacts of that agenda was trying to have fewer children come into the care of children's aid societies and rather be served by other parts of the service system. As the transformation agenda has worked—and we believe it has worked—there are fewer children in care, but there are more children in services such as kinship care. Here we're not dealing with less of a family issue but sometimes more, because these cases are more complex. They're the same high-risk cases but they're multigenerational; they often involve more than one potential parent and there's extensive time required to

find family members, to make sure that there's proper follow-up, to make sure that reference checks are carried out and to meet with everyone involved. These cases need ongoing monitoring and recording, and while the kin option is often best for children, it does require more time. Part of the cost relates to that administrative burden that I've also mentioned.

I want to quickly run through the recommendations. They begin on page 11; we have 11 of them as well.

I'll begin with the debts that children's aid societies are carrying. During the last three years there has been underfunding for children's aid societies, and mandatory child protection services are now carrying \$16.7 million in debt. Community-based boards are very concerned about this, because they serve on a voluntary basis as the delivery agent. We would ask for your commitment on the past debt and also your commitment to provide future resources as needed as we move through the economic crisis.

On kinship, we ask for this service to be fully funded based on volume and we also ask for the resources for community partners.

First Nations: I regret to talk about this again, because we talked about it last year in our submission quite substantially. There is a \$25-million gap for the two most northerly agencies, Tikiangan and Payukotayno. We know that the Auditor General of Canada has commented on the issues in federal funding, but we're faced with a dilemma. INAC reimburses actual costs for services for status Indians on reserve, but we also hear that INAC doesn't provide adequate funding. So what's the story? We seem to be caught in a scenario of "It's not us; it's them." So we ask the government of Ontario to include the full costs of necessary services in Ontario to pursue the federal government for the costs that they are owed through the 1965 Indian welfare agreement.

We also ask you to support a third-party study of the costs of providing services in both official languages, as is required by law, and fund the gap. The French-language service issue is one we've spoken to previously.

For youth, we ask that the youth recommendations that we have put into the report about financial and emotional support be addressed and that changes to age limits be implemented into policy for youths staying in home-based care until they can finish their education, particularly their high school education; for medical, dental and vision care; and for access to specialized services not available through CASs and other community agencies.

On adoption, we ask you to consider ongoing adoption subsidies as part of child welfare funding. We think that this is an important way to speak to some of the needs of the 9,250 crown wards.

We also ask that the government work with the OACAS and the Foster Parent Society of Ontario to develop strategies to improve the recruitment of foster families. We think that this is an opportune time to do something, as families are looking to perhaps strengthen what they can do in communities, and we do think that some public outreach would be important.

We ask for a consistent approach so that children who are aging out of care and are awaiting placement in the adult system can be appropriately served, and that the services be funded. This is another recommendation we spoke to in previous years.

I referred earlier to the administrative burden that our societies are facing. We ask that no new administrative requirements be added at this time until existing ones have been reviewed and reduced appropriately.

With respect to infrastructure, we ask that the government support the rollout and implementation of a single information system for child welfare. This is something that has been spoken to in previous presentations as well. We have now proof of concept for this type of system; we understand that the business case will be presented by the Ministry of Children and Youth Services this year.

Finally, we ask that the child welfare agencies, the children's aid societies in this province, be granted fair access and reasonable resources to capital funding as they require it.

1200

That's our presentation this morning. I'm sorry if I've just galloped through it, but I think there's sufficient material in the document so that you can refer to it.

**The Chair (Mr. Pat Hoy):** And thank you. This round of questioning goes to the government.

**Mr. Jean-Marc Lalonde:** Thank you, Mr. Chair, and thank you very much for giving us all this very, very important information that we have received today.

You mentioned, in the French-language capacity to serve, there are seven agencies that are providing the bilingual services, and I'm in one of them.

**Ms. Jeanette Lewis:** Yes, you are.

**Mr. Jean-Marc Lalonde:** You say they are facing numerous challenges. Can you tell me what the challenges are, even though you mentioned some of them in there?

**Ms. Jeanette Lewis:** Well, certainly, because they must provide services in both languages, they need to have a full staff of bilingual workers. Other—

**Mr. Jean-Marc Lalonde:** They already have that in place.

**Ms. Jeanette Lewis:** Yes, but they do need to have materials translated. They particularly need to be able to support families through court.

I guess the other thing that the director in your particular jurisdiction has referred to so many times is that when a family is dealing with the kinds of difficulties that our families are dealing with, they need to be able to confide in a worker in their own language, because these are very intimate problems. When families are talking about the most intimate things, things that are closest to their hearts, they usually use their first language. In this province, we do have the French Language Services Act, and these families are entitled to use that.

Our agencies that must provide services in both French and English in the designated areas are all struggling with the need for translation and the costs of translation.

**Mr. Jean-Marc Lalonde:** I always question when they say, "We need bilingual staff." I would say they're all fully bilingual—better than I am, very often.

The only sector where I thought there would be additional funding required is for the translation of documentation that they have, if not to find families—because most of them really do speak both languages down there. What would be the cost to translate all documentation that needs to be translated?

**Ms. Jeanette Lewis:** We had a study done—I believe it was in your area—and they had some very, very high figures. I do think this is something that somebody who is an objective third party needs to take a look at and resolve once and for all, and put those funds into place in those agencies. Then maybe we can stop talking about this recommendation every year.

**Mr. Jean-Marc Lalonde:** Thank you.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation. We are recessed until 1 o'clock sharp.

*The committee recessed from 1205 to 1300.*

#### ONTARIO FRUIT AND VEGETABLE GROWERS' ASSOCIATION

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. Our first presentation of the afternoon is from the Ontario Fruit and Vegetable Growers' Association, if you'd come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning, and if you'd just identify yourselves for the purposes of our recording Hansard.

**Ms. Brenda Lammens:** Thank you, Mr. Hoy. My name is Brenda Lammens and I am the chair of the Ontario Fruit and Vegetable Growers.

**Mr. Art Smith:** And I'm Art Smith. I'm the CEO of the Ontario Fruit and Vegetable Growers.

**Ms. Brenda Lammens:** I do have a visual here—I hope that you can see it—outlining the many different types of cropping and labour that we're involved with at the fruit and vegetable growers, or that we represent.

I want to thank you for the opportunity to make this presentation today. My name is Brenda Lammens and I'm the chair of the Ontario Fruit and Vegetable Growers. The OFVGA is the official voice of Ontario's 7,500 fruit and vegetable growers. Our fruit and vegetable farmers have combined sales of \$1.1 billion annually, most, if not all, of which flows back into the Ontario economy. Additionally, they create more than 30,000 on-farm jobs and countless other jobs throughout Ontario.

In the spring of 2007, Premier McGuinty announced the Ontario government's war on poverty, a most noble cause indeed and one that our farmers wholeheartedly endorse. Unfortunately, Ontario's fruit and vegetable farmers and the benefits that they bring to the province have become the unintentional victims of this war. Today, I am going to speak to one issue, one that is so important that if not addressed, it will most surely mean the end of Ontario's fruit and vegetable farm sector as we



know it today. This is the issue of the minimum wage increases.

In January 2007, then Finance Minister Greg Sorbara stood in the Legislature and said that a move to \$10 an hour for minimum wage would cost Ontario 66,000 jobs. However, in March 2007, and as part of the war on poverty, Minister Sorbara announced a move not to \$10, but to \$10.25 an hour over three years. This 29% increase is too great and too fast for horticulture to adapt. Let me be clear: We commend the Premier for the war on poverty, but our growers do not want to become an unintended victim of it.

Professor Morley Gunderson, the CIBC chair in youth employment at the University of Toronto, prepared an extensive paper on minimum wage issues and options for the Ontario government. Among other things, he wrote: "While curbing poverty is a legitimate social goal, using minimum wages to curb poverty places the onus on employers to deal with a social issue the costs of which should be shared by society in general."

Professor Gunderson ranked those businesses most impacted by the minimum wage increase. They are, in order: (1) accommodation and food services; (2) agriculture; (3) wholesale or retail trade; (4) business building and other support services; and (5) information, culture and recreation. Gunderson made it very clear that, "Minimum wages place the onus on a small subset of employers to deal with legitimate social issues the costs of which should be shared by society in general."

The Ontario government listened to some of what Professor Gunderson said, recognizing that society needs to participate in the cost of this regulation. It recognized that it was not fair to download onto the backs of a few for that which is deemed to be a societal benefit. The government's answer was to reduce the business education tax by \$540 million over a seven-year period. This was very clearly done to give employers time to adjust, but that did nothing for agriculture, as agriculture did not participate in this tax.

Gunderson's list of the five most-impacted industries can be broken down into two types of businesses: those who can pass on their additional costs and those who cannot. The service sector in Ontario, from coffee houses to restaurants and other service providers, can all pass these costs on to the consumer; they are price-setters. Horticulture cannot; it is a price-taker. Fruit and vegetable producers in Ontario compete with farmers and suppliers from other countries such as Chile, Peru, China, Mexico and the USA. These are producers who do not have the same input costs that our growers have and certainly not the same labour costs. The availability of fresh imported produce throughout the entire year sets the price in our market. There is no mechanism for our growers to integrate these additional costs. They will be forced to absorb these costs until they go out of business. Let me repeat: Our farmers are price-takers; they have no mechanism to recover these additional costs.

As mentioned above, the service sector that can claw back these price increases from the consumer also enjoys

the business education tax holiday, while our fruit and vegetable producers must absorb labour costs and receive no tax break whatsoever.

How big is this issue? For the livestock and the grain and oilseed sectors, this increase in wages is relatively meaningless, as labour is a minimal cost in these sectors. But to the horticultural industry, it is far more significant. In much of the fruit and vegetable sector, labour makes up the greatest annual expense.

I quote statistics from the Ontario Ministry of Agriculture, Food and Rural Affairs: For tender fruit growers, prior to this minimum wage increase, labour made up approximately 65% of the annual variable expenses. To the fruit and vegetable industry overall, it is projected that the minimum wage increase will mean a minimum 20% increase in arm's-length wages to the industry. This represents an increase of some \$70 million annually. The industry, as I mentioned earlier, is \$1.1 billion. What we are talking about is a new cost, without benefit or offset, equal to 6% of the farm gate value in Ontario. Given many other competitive pressures, the minimum wage increase may well be the single most important factor in forcing many fruit and vegetable farmers out of business, or, worse yet, into bankruptcy. The only question left is, who will be lost?

I suggest that it will force the largest 20% of growers out of business because they are the ones who create the majority of the 30,000-plus jobs already mentioned. These are the farmers who produce 80% of the fruit and vegetables grown in Ontario, the very ones encouraged to produce local produce on environmentally sustainable family farms. We are talking about second- and third-generation farmers who have proven business track records.

But it does not stop there. Spinoff jobs in rural Ontario will be lost, manufacturers of cartons and containers will go out of business, and processing facilities which are already struggling will close, causing more job losses. Consumers in Ontario will lose access to homegrown produce supervised under domestic food regimes and we will become totally dependent on foreign produce to feed our citizens.

By now, many of you may be questioning my comments and perhaps my sincerity, but I can assure you that I am not exaggerating.

Last but not least, there are other implications to government policy. Across Ontario, all farmers can participate in a safety net program known as AgriStability. This is a program designed and implemented by the federal and provincial governments to assist farmers when prices drop or costs increase. It is designed so that when the difference between a farmer's historical farm income and historical farm expenses decreases, the program kicks in and the farmer is paid a portion of the difference. While this works well for the first two years, after that the payments decline rapidly until it reaches the point for most that there will be no payment under AgriStability. This is a classic case of one government program undermining another program set up to assist farmers in times of need.

Finally, produce prices are always lowest in our local season. They go up when there is no local supply. Any loss of local supply will inevitably mean higher food prices for all, a fact of life particularly hard on those people for whom the minimum wage was increased in the first place. This will prove to be counterproductive to the intent and the goal of the Premier's war on poverty.

What our sector needs if we are to survive is a risk-management program not unlike that granted to the grains and oilseeds sector in the summer of 2007 by the Ontario government. While a risk-management program is not the total answer, it will allow our farmers time to adjust and it will slow down the negative impact of declining AgriStability payments. Of most importance, Ontario society benefits when there is a vibrant local farm sector providing healthy, nutritious fruits and vegetables at competitive prices to the consumer. We have the value food chain to deliver the product; now we need the policy to protect it.

We appreciate the opportunity to present the perspective of Ontario fruit and vegetable growers. We are passionate about our industry and we are passionate about sharing the wealth of our province. We look forward to working with the provincial government on a strategic plan that supports agriculture and the health of all citizens, and prevents Ontario's fruit and vegetable farmers from becoming the unintended victims of the Premier's war on poverty.

Thank you very much, and I look forward to your questions.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to the official opposition.

**Mr. Ted Arnott:** Thank you very much for your presentation. I've been aware of this issue for some time. One of your past presidents, Jeff Wilson of Birkbank Farms Ltd. near Orton, is someone who lives in my riding. I've known him for years, and he told me the impact that this minimum wage increase would have on his farm business. Certainly, that's one example of the situation that we're facing, and you've given us some of the aggregate numbers of what this means. I gather you need immediate action from the government. You need it in this budget, not next year?

**Ms. Brenda Lammens:** That's right. We've already gone through the first year of the increase, and the harm that it's doing has become very evident very quickly. In many of our operations, we're already paying above the minimum wage, but when you increase the lowest person on the totem pole, inevitably you have to give the increase to the people who have been with you and are being paid at that higher rate. So it's not all about the \$10; it's about what we're paying at \$13, \$14 and \$15 to keep our labour force, which is certainly becoming harder and harder to do in horticulture.

1310

**The Chair (Mr. Pat Hoy):** Mr. Hudak.

**Mr. Tim Hudak:** Ms. Lammens, thank you very much again for your presentation. Mr. Smith, good to see you again as well. You make some excellent points. I

particularly appreciate the cascading nature of the minimum wage. It means labour costs go up extensively, and you estimate that the cost of labour for most food and vegetable growers is 65%?

**Ms. Brenda Lammens:** Yes.

**Mr. Art Smith:** That's on tender fruit.

**Mr. Tim Hudak:** On tender fruit. And that would be among the high end on any of the commodities?

**Mr. Art Smith:** Tender fruit would be the highest and, according to OMAFRA figures, it represents 65% of the annual variable expenses. On the low end of that in horticulture it's potatoes, and that rate is about 25%.

Potatoes is a mechanized crop from seeding time to harvest time, as opposed to peaches, which are pruned by hand, thinned by hand, picked four or five times by hand, put in a basket by hand. There has never been any major innovation in terms of being able to do that mechanically as there has been in cherries, as an example.

**Ms. Brenda Lammens:** And as an asparagus grower, I can certainly vouch that every spear of asparagus that is cut is cut by hand. So it's extremely labour-intensive and, as with tender fruit, there is not a mechanism in place to harvest it without damaging it.

**Mr. Tim Hudak:** And there's about a 29% increase in labour costs to the horticulture sector. What's the comparable minimum wage in some of your competing jurisdictions?

**Mr. Art Smith:** We had done some work, and I'll just have to find that. The figures I'm going to read to you—you have currency differences, okay? What Professor Gunderson had done in his work also looked at what competing nations pay. So the number—don't think of it in terms of a dollar, think of it in terms of a unit cost, okay?

In Brazil, which we are starting to import more and more from, we're at 3,130 units, and in Canada, for example, we were at 14,440 units. So we were four times more expensive. That 14,440 moves up to about 18,050 after the full implementation. So think of Canada at 18,050; Brazil at 3,130; Chile at 4,831; Republic of China at 5,700—China, no minimum wage; Mexico at 1,658; and the United States at 12,000. So we're 50% higher than what the US was when this was written a year ago. It's huge. It's absolutely huge.

**Mr. Tim Hudak:** Do I have time to—

**The Chair (Mr. Pat Hoy):** A minute.

**Mr. Tim Hudak:** Maybe, Mr. Smith, you could supply that to the clerk of the committee. It's not part of our packages. If you have the chance to do that, we would appreciate that, later on.

**Mr. Art Smith:** I will do that.

**Mr. Tim Hudak:** You mentioned that your suggestion is a risk management program similar to that offered to the grains and oilseed sector. How would that work, particularly for the tender fruit and vegetable industry?

**Mr. Art Smith:** It's certainly more complicated, because in the grains sector you only have half a dozen crops; they're commodities and you can look on the Chicago mercantile and get the price at any given time.



In our case, that's not quite possible; however, that doesn't mean it's impossible either.

The RMP program does not look at you or any of us as an individual grower; that's what the AgriStability program, the old CAIS program, did. It looks at the returns on average by the industry, and at the costs, again, on average for the industry. So it pulls out the most efficient, it pulls out the least efficient, and it looks at that centre section. It's an insurance-type program; it would be premium-based. Growers would pay into it as they do in the G and O sector. If the price comes down or those costs go up beyond a trigger point, then it pays out to a specific number of dollars. The grower could choose whether he wanted 70% coverage, 80% coverage or higher. Then the premiums, of course, go up. Like insurance of any kind, if there's no claim, those dollars stay in the program.

That's the way it is in the G and O sector, and we're proposing something similar here. Total cost on the field growing alone is anticipated to be about \$30 million, but that would change. That could change at any given time.

**Mr. Tim Hudak:** Is that shared cost or provincial cost, the \$30 million?

**Mr. Art Smith:** No, that would be provincial.

**Ms. Brenda Lammens:** Just as a footnote to that, we had a staff member from OMAFRA seconded to the fruit and vegetable growers for a six-month period to work with us to help develop a risk-management program. That secondment ended as of the end of October. We have the basis of a program there; now we need the support and the finances to help push this program forward. We've got our groundwork done; we just need some help getting it up and running.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Art Smith:** Thank you.

**Ms. Brenda Lammens:** Thank you very much.

**The Chair (Mr. Pat Hoy):** Now I'd ask the Oak Ridges Moraine Foundation to come forward, please.

**Mr. Tim Hudak:** Chair, if I could, just in the last presentation, Professor Gunderson's report was almost two years ago; I remember it at the time. It might be interesting, in light of the presentation we had, if Mr. Johnston had a chance to get members of the committee copies of that report for our consideration.

**The Chair (Mr. Pat Hoy):** We can do that.

**Mr. Tim Hudak:** Thank you.

**Mr. Michael Prue:** Do you want the whole report or just the recommendations? The recommendations would do for me.

**Mr. Tim Hudak:** It wasn't that thick.

**Mr. Michael Prue:** Wasn't it? I don't know; I'm trying to remember.

**Mr. Tim Hudak:** Maybe Mr. Johnston can get back to us on how massive it is. I remember it being relatively brief.

**Mr. Michael Prue:** I don't need 100 pages, but I wouldn't mind one. Okay?

**Mr. Tim Hudak:** He could let us know what it—

**The Chair (Mr. Pat Hoy):** We'll use some judgment there, perhaps.

**Mr. Tim Hudak:** Yes.

#### OAK RIDGES MORAINÉ FOUNDATION

**The Chair (Mr. Pat Hoy):** Now we have the Oak Ridges Moraine Foundation before us.

You have 10 minutes for your presentation; there could be up to five minutes of questioning. I'd just ask you to identify yourself for Hansard.

**Ms. Kim Gavine:** Kim Gavine.

**The Chair (Mr. Pat Hoy):** You can begin.

**Ms. Kim Gavine:** Thank you. My name is Kim Gavine and I am the executive director of the Oak Ridges Moraine Foundation. Thank you for allowing me the opportunity today to participate in these very important deliberations. We respect the task before you in overseeing the good management of both our economic and environmental capital and resources.

It has never been a more important time to ask ourselves, "How do we invest taxpayer dollars and generate the greatest benefit?" The decline in many sectors with the loss of jobs and weakening of the economy concerns all Ontarians.

As I'm sure you have heard from others, in adversity is often found opportunity, a statement I do agree with. But we must be careful not to be forced to make a false choice between the economy and the environment. Today, I'd like to share with you an example of a provincial environmental initiative that serves as a model for earning significant environmental dividends without compromising the integrity of the economy.

In 2001, the government consulted widely on how best to protect the Oak Ridges moraine. The outcome was a package of strategies, including creating legislation, the Oak Ridges Moraine Conservation Act; a conservation plan, the Oak Ridges moraine conservation plan; and a delivery agency, the Oak Ridges Moraine Foundation. Each aspect received full-party support.

The Oak Ridges Moraine Conservation Act and plan came shortly after the tragedy in Walkerton, where seven people died and more than 2,300 people became ill. Much of the impetus behind the creation of the Oak Ridges Moraine Conservation Act and plan was the realization of the value of safeguarding the Oak Ridges moraine and the headwater aquifers which are the source of drinking water for millions of Ontarians.

The foundation was formally created on March 11, 2002, and began operations with an initial grant of \$15 million from the Ontario government. The foundation's goal is to preserve, protect and restore the environmental integrity of the Oak Ridges moraine. Since that time, the foundation has allocated a total of \$13.2 million to 152 projects and has leveraged an additional \$33.5 million through private, public and in-kind contributions, making the total impact of projects worth close to \$47 million. In summary, for every \$1 that we were given at the outset, we have deployed more than \$2 for on-the-ground conservation.

An underlying theme of your committee's mandate is, "How can the Ontario government work more effectively with other levels of government and other key partners during these challenging economic times?" It may seem simplistic, but the answer is "partnerships." The foundation has a proven track record of demonstrating the effectiveness of partnerships and the dollars that can be extended by working together. As I mentioned a moment ago, each provincial dollar invested through the foundation is resulting in at least two more dollars invested by committed partners.

1320

With our partners, more than 5,500 acres of ecologically significant lands have been protected through acquisition, donation or conservation easements. Close to 1,000 acres of land have been restored through tree planting, stream rehabilitation, wetland enhancement and prairie restoration. More than 85,000 landowners, or one third of the population of the Oak Ridges moraine, have been contacted, educating them about the importance of this vital landscape, and more than 4,600 students have been educated about the importance of the moraine and protecting water at its source.

Yet despite the accomplishments achieved to date, the review of the Oak Ridges moraine conservation plan is still seven years away, and much work remains to be done to implement the goals and objectives of the plan. Ironically, the foundation's last grant dollars were committed just last Friday.

It is our collective responsibility to complete the work outlined in this provincial plan. We believe that provincial investment through the foundation supports Ontario's environmental agenda and is a responsible fiscal approach.

On August 3, 2005, Premier McGuinty announced the natural spaces program and its plan to protect green space by supporting the efforts of private landowners to preserve and restore natural areas on their property. The foundation is directly helping landowners by giving our stakeholders the opportunities to meet face to face with these landowners and provide them with the necessary technical and funding assistance to steward their properties.

The work of the foundation also builds on this government's greenbelt initiative by providing a greener environment and healthier communities.

Our work also supports recent tasks by your government to map Ontario's tourism future. One of the moraine's key benefits is its proximity to one of Canada's largest populations and its many built, natural and cultural interests that can be enjoyed.

The work of the foundation also contributes to the goals of the Clean Water Act by stopping contaminants from getting into the sources of drinking water. By securing the headwaters and areas of high aquifer vulnerability, we are reducing the need for and additional cost of more water treatment plants.

We recognize that these are difficult times and that we are competing with other worthy causes. Nonetheless, we

hope that you share our concern that there is very real danger that important conservation work on the moraine may go unfinished. All of our efforts in developing partnerships, protecting land and educating young people should not be lost.

The foundation has a proven track record. We are accountable, transparent and have leveraged the taxpayers' dollars by more than a 2-to-1 ratio. The Oak Ridges Moraine Foundation is an exemplary model for effective government spending in meeting its environmental agenda, especially during these challenging economic times.

Much has been accomplished over the last six years, but if the successes are to be sustained and the moraine's vital ecosystems protected, much more work remains to be done. The foundation is well positioned with its partners to meet these challenges.

In summary, this government's first responsibility should be to protect the quality of life of those it governs. Our health, economy and environment are inseparable.

Thank you very much.

**The Chair (Mr. Pat Hoy):** Thank you. We'll hear from Mr. Prue of the NDP.

**Mr. Michael Prue:** You stated that the last foundation grant has now been spent.

**Ms. Kim Gavine:** Yes.

**Mr. Michael Prue:** I would take it, therefore, that there is no money left for future ones. You have not put a dollar figure or any amount that you're asking. This is the finance committee; we need something.

**Ms. Kim Gavine:** Yes.

**Mr. Michael Prue:** What are you looking for?

**Ms. Kim Gavine:** Our first request to Minister Bradley, who is the minister that we do report to—we had asked for \$15 million to take us through to the plan review in 2015. More recently, we went back with a second request, asking for \$3.5 million over the next two years.

**Mr. Michael Prue:** All right. So what you're looking for in this budget, then, is half of \$3.25 million.

**Ms. Kim Gavine:** It's \$3.5 million over two years.

**Mr. Michael Prue:** Okay, so you're looking at \$1.75 million in this budget.

**Ms. Kim Gavine:** Correct.

**Mr. Michael Prue:** All right. And that will be sufficient? It's a relatively small amount of money. It may sound huge, but in terms of a budget of \$100 billion, that's not—

**Ms. Kim Gavine:** It's not a lot.

**Mr. Michael Prue:** It's not. Would that be sufficient for you to accomplish all of the goals that have been set out?

**Ms. Kim Gavine:** At this point, no, but it would allow us to sustain the momentum that has been created by the partners who are working on the Oak Ridges moraine and to carry through some of the good work that has been started over the last six years.

**Mr. Michael Prue:** And what would be the amount for you to do it the way you want to do it?



**Ms. Kim Gavine:** Fifteen million.

**Mr. Michael Prue:** Right away?

**Ms. Kim Gavine:** Yes.

**Mr. Michael Prue:** Okay. I think that's all of my questions.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Ms. Kim Gavine:** Thank you very much.

#### HALDIMAND FEDERATION OF AGRICULTURE

**The Chair (Mr. Pat Hoy):** And now I would ask Niagara College to come forward, please.

*Interjection.*

**The Chair (Mr. Pat Hoy):** Haldimand Federation of Agriculture.

Good afternoon, gentlemen. You have 10 minutes for your presentation. There could be five minutes of questioning. I would just ask you to identify yourselves for the purposes of our recording Hansard.

**Mr. Wayne Nyomtato:** Thank you very much.

*Ring tone sounding.*

**Mr. Tim Hudak:** That was to serenade you.

**Mr. Wayne Nyomtato:** Thank you very much, and we appreciate the invitation. My name is Wayne Nyomtato and I am the president of the Haldimand farmers Federation of Agriculture. I will defer to my colleague on my left, Mr. Frank Sommer, who is the chairman of our financial committee.

**Mr. Frank Sommer:** Thanks, Wayne. Again, thank you, Mr. Chairman, for the opportunity to bring up some of our farmers' concerns to our honourable provincial representatives. I'm just wondering if I really should skip the niceties and the introductions and go right to the heart of the concerns that we're here for.

I guess, to summarize, my greatest fear is just that there are so many demands on our governments and so many pressure points in the economy right at the moment that the farm community will be left out of the considerations for the coming year. We are fully aware, of course, of the limitations on all our governments, both in terms of revenues and in terms of demands, and that it is going to be very difficult to live up to the expectations that the general public has.

Our organization represents farmers, and we've been in business for over 60 years now. Our main concern, of course, is the welfare of the farm community. It's somewhat disconcerting that the global economic crisis is receiving so much recognition while the notion persists, at least for the popular press, that the farmers are riding a crest of prosperity.

Interestingly, just a week or so ago, Statistics Canada came out with some of their figures. Now, they are not for 2008, but they highlight what happened between 2002 and 2007. It shows that the year 2007 showed a negative income of \$101 million. I've never been able to quite get my mind around a negative income; I guess it's economic speak for working at a loss.

It was only a few months ago that we were riding a crest of optimism in the farm community, and the early expectations for 2008 have just been virtually extinguished by the news of now-collapsing grain prices. Corn and soybeans are holding up quite a bit just yet, and that, of course, keeps the pressure on beef and pork prices. But at least for the grain producers, they're still getting a reasonable return for corn and soybeans.

However, high input costs for supplies that are already in the pipeline are going to either have to be passed on to the farmer or absorbed by our suppliers. In either case, we predict that the pressure on farmers' lines of credit next spring will be very, very severe, with current prospects and input prices that are already embedded in the retail prices that we are looking at now.

At the same time, the statistics released last week show a decline—this is on farmers' population trends, and it looks at the average ages of the different farm populations. What really disturbs us is the sharp decline, since 2002, in the under-35 age group. It shows that this sector is declining instead of increasing. The below-35 age group now consists of fewer than 8.6% of the farm population. We urge the Ontario government to take a really good look at all avenues to facilitate young farmers entering into the industry. One of the measures that you might consider, among others, I am sure, is to forgo land transfer taxes for young farmers entering into the industry.

#### 1330

The livestock industry is still under great stress and we fear for its survival in Haldimand county. While on the one hand the decline of the Canadian dollar can be seen as a positive, the US legislation under the COOL program threatens to seal off the border for Canadian products—perhaps not; that's too strong a wording. But it definitely is impacting the dollars that Canadian farmers can expect for their livestock.

We recognize the role of government in helping the farm community over the last years, and we're counting on the Ontario government to not abandon the farm sector when seemingly every corner of the economy is stressed as never before.

One of the measures that perhaps could help us is helping out some of the small abattoirs in our area to live up to the increasingly tough health and safety regulations. We have no qualm with them, but unfortunately a lot of the small farmers or small processors are out of business. We suggest that grants for upgrading small abattoirs may be one option to keep these essential entrepreneurs in business.

Recent unexpected changes to the deadstock disposal act—again, it rightly puts more emphasis on the proper disposal of deadstock. On the other hand, we have to regain and retain public confidence so that everybody is comfortable with the way deadstock is being handled. With BSE, bird flu and other threats to health, the provincial policy has to be proactive and we feel it needs to be involved on an ongoing basis. On the other hand, of

course, the cost of additional paperwork to remain in compliance places an additional burden on the producer.

We applaud the recent emphasis on farm added value and the move to promoting locally produced food. We caution, however, that the farmer already has to be skilled in many crafts in order to survive. Additional expectations of also being a retail merchant may be a daunting challenge for many. The concentration of retail food giants has all but eliminated the corner grocery store. Will the farmer himself now have to fill that void? While fads such as the 100-mile diet may seem attractive at first glance, we feel that sustained prosperity for the larger farm community may be a far-off dream.

One more point is that it's been pointed out to us that rural infrastructure is about more than just roads and bridges. Recently—actually, two years ago—a number of wind turbines were installed in the Dunnville area and they've been idle because of a lack of electrical infrastructure to accept their production.

We applaud the Ontario government's assistance to bring high-speed Internet to the rural areas. The lack of access to high-speed broadband Internet leaves rural dwellers at a disadvantage for communication and educational opportunities. The current Rural Connections broadband program has been successful in selected areas by filling the gaps of what is quickly becoming an essential service.

**The Chair (Mr. Pat Hoy):** You have about a minute left for your presentation.

**Mr. Frank Sommer:** Thank you, sir.

We urge an aggressive approach to accelerate this four-year program.

These are just some of the issues simmering just below the surface where the Ontario government could possibly assist the rural and farm community. By looking for economies of scale by growing more acres, implementing newer technology in order to cut costs and switching to lower-cost feed, many are caught in a trap. Cutting back on essential inputs is not an option. Switching crops is also not an option when locked in a sustainable crop rotation. Farmers have no choice but to produce again next year, regardless of prospects for loss or profit. Closing the plant for a few months is definitely not an option.

In conclusion, we appreciate the support for agriculture from the Ontario government in the past. Many programs, such as crop insurance and income supports, while not guaranteeing prosperity, have at least provided a possibility of survival. The economic forces buffeting markets worldwide have replaced the unprecedented optimism of just a year ago with apprehension for the coming year. We sincerely hope that we can count on the Ontario government to remain a trusted partner. Thank you.

**The Chair (Mr. Pat Hoy):** And thank you. Questioning will go to the government. Mr. Lalonde.

**Mr. Jean-Marc Lalonde:** Thank you very much, Mr. Sommer, for taking the time to inform the committee on the position of the farmers. At the present time, we know,

according to your data here that you have given us, that there are less and less young families taking over or staying on the farm.

**Mr. Frank Sommer:** It is becoming more and more difficult, indeed.

**Mr. Jean-Marc Lalonde:** More difficult. Could you tell us the reason for that? That is my first question.

**Mr. Frank Sommer:** The capital intensity of modern farming is one scares off a lot of young—they have to start out with a tremendous debt load in order to make a go of it. That would be one obvious concern.

**Mr. Jean-Marc Lalonde:** I would think also that young people are getting a better education. When they graduate from colleges or universities, they don't, very often, go back on the farms. This is why there are 10% more people of 55 years and older who are on the farms. What I found out before is that sometimes, the parents would like to pass on the farm to their children, and knowing that they have to work seven days a week and cannot afford to be sick, and—you also touched on a point at the beginning, the fact, also, that to be able to compete, you have to come up with the new technology. Most of the farmers are in debt right over their heads and they cannot enjoy their life anymore, knowing that their friends are enjoying the weekends and those on the farm cannot.

But I believe that the government was pretty good with risk management, and also Agricorn, according to the information I was just reading on the way in on the bus. Agricorn was very pleased. They received the payment on time this year, but there are less and less farmers. What I'd like to know is, has the acreage increased per farm, when you compare that with 10 years ago?

1340

**Mr. Frank Sommer:** Definitely. The tendency is towards larger acreages, especially in the crop production areas. There's a trend towards larger acreage; I haven't got the statistics for that. It would be interesting to research that, for sure, but my gut feeling is that, even in Ontario, there's a consolidation of acreage into larger units.

**Mr. Jean-Marc Lalonde:** Yes, the information that I got is that the number of farmers has decreased, but the acreage has increased an awful lot. Like you say, especially if we are going towards—

**Mr. Frank Sommer:** The acreage per farm, absolutely.

**Mr. Wayne Nyomtato:** That should be read as a farm enterprise; it may not be necessarily per farm. I'd like to make that point.

**Mr. Jean-Marc Lalonde:** I'm fully behind family farms.

**Mr. Wayne Nyomtato:** As are we—probably the last jurisdiction that still is.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

Are the representatives of Niagara College in the room? Then we'll go to the Canadian Union of Public Employees, Ontario division. Come forward, please.



**Mr. Tim Hudak:** Chair, on a point of order: just on an issue I want to bring up. I want to thank Mr. Nyomtato and Mr. Sommer for their presentations. Under the rotation model, originally, because Niagara College didn't show, we had questions, and their MPP, Toby Barrett, had some suggested questions he wanted to ask. He sends his regards. He had a conflict and couldn't be here today.

I just want to bring up the rotation model. I'll discuss it with my colleagues as we travel. But it has been the experience of Mr. Arnott and I, when we speak to groups afterwards, the impression is given that the other parties—one party gets to ask questions; the other parties give the impression that they had no questions to ask and may not have an interest, which we know is not the case.

Perhaps, as we do the rotation model, for the time being, Chair, if you could maybe indicate at the beginning which group is asking all of the questions; therefore deputations know that's the process and they don't think the other two parties have no questions for them whatsoever. Just give some clarity, because unfortunately it has been the result that we talk to groups afterward and they wonder why we didn't ask many questions, and because of the rules we didn't have that opportunity.

**The Chair (Mr. Pat Hoy):** It is a point. What I have been doing all along, for some years now, is saying, "This round of questions will go to" the NDP, the official opposition or the government, but maybe I can somehow make it more clear each and every time they come up.

**Mr. Tim Hudak:** Thank you.

#### CANADIAN UNION OF PUBLIC EMPLOYEES—ONTARIO DIVISION

**The Chair (Mr. Pat Hoy):** Now we have the Canadian Union of Public Employees—Ontario Division. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that, from one party only. You can begin.

**Ms. Susan Schmidt:** My name is Susan Schmidt. I'm the chair of Ontario's Health Care Workers' Coordinating Committee, or the HCWCC.

CUPE's HCWCC is the voice of approximately 60,000 public service workers in Ontario, people who work on the front lines in hospitals, long-term-care facilities and other health provider organizations. We are RNs, RPNs, health care aides, personal support workers, caseworkers, technicians, cooks, assistant cooks, dietary aides, housekeepers, laundry aides, recreationists, rehab and maintenance workers. You will find us in every corner of the health care system.

The provincial budget has a significant impact on our members as residents and taxpayers, as service providers and caregivers, and as workers in the broader public sector. CUPE members have tremendous first-hand experience and knowledge to contribute in planning next year's provincial budget. We thank the Standing Committee on Finance and Economic Affairs for the opportunity to present our suggestions and priorities for the 2009-10 Ontario provincial budget.

There are many health care areas I could focus on during my time today, but I know you will be hearing from my colleagues from the Ontario Council of Hospital Unions, OCHU, later this week, focusing on hospitals, so I want to take this opportunity to talk to you about long-term care and home care.

Starting with home care: The government of Ontario should be applauded for its moratorium placed on the disastrous competitive bidding model throughout the home care sector, but we fear that the government may be moved to lift the moratorium and allow the degeneration of care that this model creates. We urge the government to completely ban competitive bidding.

The shortage of health care workers is very acute in this sector. Wages and working conditions must be brought up to par with other workers who provide the same service. Adequate compensation must be provided to workers who are driving hundreds of kilometres a day for little or no mileage, working 16 hours a day but being paid for eight or nine hours. Workers have no pension plan and few benefits. They rush from client to client without adequate support. The current situation is causing huge turnover rates, little continuity and much burn-out among workers who work two or three jobs to make ends meet. The budget must include a plan to deal with this situation and begin to value this work.

If the government is serious about its aging-at-home strategy, then it must implement three basic policy changes: End competitive bidding in home care services; increase funding to this sector and remove regulatory restrictions on the amount of care seniors can receive in their own homes; and develop a workforce strategy for the sector that includes stable, full-time jobs, enhanced pay and benefits to attract and retain skilled workers.

Long-term care: You should all remember the Toronto Star series that exposed the brutal reality of conditions in Ontario's long-term-care homes. We should also recall then-Minister of Health George Smitherman crying on TV, promising a revolution in the sector.

My union, CUPE, and many other seniors, family, community and labour groups have been calling for the government to implement a minimum staffing level of 3.5 hours on average per resident per day, and the funding commitment to back it up. The government of Ontario claims that hours paid to long-term-care homes per resident is approximately three hours.

Firstly, reporting numbers to the public based on hours paid as opposed to hours worked is a complete misrepresentation of what is going on in long-term-care homes.

Secondly, a series of calculations at dozens of CUPE-represented homes in the province prove the hours of care per resident per day are well below three hours. In some cases, we found the numbers to be as low as 1.9 hours worked per resident. Staff-to-resident ratios showed one health care aide or personal support worker per 50 Alzheimer residents between the hours of 10:45 p.m. and 6 a.m.

Homes are implementing policies that call for residents to sit in soiled briefs until they are full enough to be

changed. Products are being rationed. Our members have reported as few as two Attends in a 24-hour period per resident, and other members have provided photos of their product cupboards under lock and key. Trips to the washroom have become a long-lost luxury. Many residents have not seen a toilet in a long time. Sadly, toileting has become nothing more than a quick diaper change.

But we know that more money has flowed to the homes, and this has not translated into increased care. Where has the money gone? Why is nobody paying attention to the fact that, by the government's own numbers, bedside care has not increased except very minimally over the past several years, despite the funding increases?

Since the government was elected, funding for the nursing and personal care envelope has increased 19.25%, from \$62.95 to \$75.07, yet paid hours have only increased by 9.15%, from 2.612 paid hours to 2.851 hours per resident per day. Care need, however, increased at least 8.9%, with an average CMM climbing from 90.09 in the fall 2003 classification process to 98.13 in the fall 2007 classification. Given the probable increase in acuity since fall 2007, the increase in staffing hasn't even kept up with increased care need. Given the recognition that care provision was inadequate and needed a revolutionary improvement, the increase in staffing is wholly inadequate.

There is a universal consensus that funding must increase in the long-term-care sector. Even the government recognized this need when it endorsed the limited measures set out in the May 2008 report *People Caring for People*.

1350

The funding need for this sector is threefold: Increased funding is required to cover increased costs of providing existing hours of care. Increased funding is required to cover the increasing acuity experienced by residents in the sector. Increased funding is required if there is to be any reduction in the gap between resident care need and hours of care provided.

Coupled with the increase in funding is the need for more effective accountability mechanisms, ensuring that funding will be applied for the purpose approved.

The above data on funding increases and care hours demonstrate that it is inappropriate to increase funding without an effective mechanism to ensure that funding results in increased staffing. On December 10, 2008, the Premier, when speaking about a potential auto manufacturing bailout, highlighted the need for strings, conditions that had to be met to justify the funding increase, conditions which have to be enforceable. If enforceable conditions are appropriate when we are concerned with the effective use of public funds, then there must be enforceable conditions when we are concerned with protecting the vulnerable and the elderly.

This government recognized in October 2004, when it flowed its first funding increase to long-term-care homes, that there had to be conditions and that the conditions had to be enforceable. The condition for the October funding increase was that there had to be new net hours of care

per day for residents from health care aides and PSWs as well as the new net hours of care per day for residents from registered staff, RNs and RPNs.

These requirements were reflected in the amended service agreement. While the service agreement was flawed in not specifying the amount of net new hours that had to be delivered, it was welcomed as an important first step. However, some long-term-care homes, while entering into amended service agreements, failed to live up to the requirement for net new hours. In fact, the operators reduced their hours of care to residents.

When front-line workers reported to the ministry that the service agreement was not being complied with, the ministry refused to take action.

**The Chair (Mr. Pat Hoy):** You have about a minute left for your presentation.

**Ms. Susan Schmidt:** Okay.

The whistle-blower protection: Another priority for government funding for this sector, aside from improving hours of care, is funds to administer an effective whistle-blower protection system. Residents depend on the courage of individual employees to prevent abuse and to report it when it unfortunately takes place.

While Bill 140 talks the talk of prohibiting retaliation for whistle-blowing, it doesn't walk the walk. The federal legislation sets a proper direction to ensure that a whistle-blower has her day in court before she can be penalized by her employer. The federal legislation limits this protection to cases where the office for receiving reports from whistle-blowers decides to investigate the report. This protection should be created for all whistle-blowers.

Another priority for government funding is an adjudicative body that can hear appeals from residents, families and front-line staff where compliance advisers fail to ensure significant orders to operators who fail to meet the requirements of the legislation and the service agreements, and especially where the orders fail to remedy situations where residents are not receiving the care they require.

I could go on about the areas that require provincial funding to support this sector at many levels, but most important is the need for the minimum staffing standard care levels. We understand that Ontario is facing tough times, but we must continue to invest in the very people who built this province into what we enjoy today. Dignity for the people who rely on this public service does have to cost. The budget must provide funding for 3.5 hours of worked care per resident per day.

I thank you for the opportunity to present to you today, and we request that due consideration be given to ensure that long-term care and home care have the resources and accountability measures in place to provide dignity and respect to the individuals who rely on it. Thank you.

**The Chair (Mr. Pat Hoy):** And thank you. The questioning will go to the official opposition. Mr. Hudak.

**Mr. Tim Hudak:** Ms. Schmidt, thank you very much for appearing before the committee and making the trip to Niagara Falls on behalf of CUPE. You've an excellent—



**Ms. Susan Schmidt:** I only came from Wainfleet, so—

**Mr. Tim Hudak:** It's a bit of a drive and there's no direct route. Coming from Wellandport myself, we could have carpooled.

I have a couple of questions for you. One issue that you didn't mention and I want to bring up is that our colleague Elizabeth Witmer has been promoting the rebuilding of the B and C long-term-care beds across the province. What's your position on that?

**Ms. Susan Schmidt:** We'd like to see them all stay public. In the document you will see that there are—that I didn't get to, because it was way too long—statistics over the kind of care you'd get in for-profit as opposed to not-for-profit and charitables.

**Mr. Tim Hudak:** But your position is, the B and C beds should be rebuilt; you just feel that they should be in not-for-profit homes only?

**Ms. Susan Schmidt:** Yes.

**Mr. Tim Hudak:** Okay. You mentioned the number of hours worked. The government's claim is three hours per resident per day—

**Ms. Susan Schmidt:** The government is saying "paid hours." I'm sorry; I don't know if I'm supposed to interrupt.

**Mr. Tim Hudak:** No, it's fine. That's exactly my point. So the government says "three hours," but you say that doesn't really count because that's paid hours; that includes lunches, breaks—

**Ms. Susan Schmidt:** That includes, "I'm on vacation and being paid and you're filling in for me." I'm not there, I'm not giving any care, but they're counting that money.

**Mr. Tim Hudak:** So the statistic isn't a real picture of what's actually happening.

**Ms. Susan Schmidt:** No, it's not.

**Mr. Tim Hudak:** In fact, you said that in some of your research you've found that the number of hours is as low as 1.9 hours per day per resident?

**Ms. Susan Schmidt:** Yes. I don't know what home that is. I can tell you that here in Niagara—and I know that some funding has gone into it—there's a home in Welland, and when we did the first calculation before any of the new funding came down, to get it up to 3.5 hours of hands-on care per resident per day, it would have been 17.25 eight-hour shifts needed to be put into that one home, which sounds totally outrageous, but if you break it down, there are four areas in that home. One staff per shift on each area, which isn't really a lot—there's 12 people gone, right there. That's 12 more people in the building to give the care that's needed to be given.

**Mr. Tim Hudak:** I also wanted to follow up on your point about the whistle-blower protection, that Bill 140 talks the talk but doesn't walk the walk. You suggested that the federal legislation is much more appropriate. Help me understand. What is the strength of the federal legislation that doesn't exist in the provincial one?

**Ms. Susan Schmidt:** This is where I would turn to the person who couldn't make it here today.

**Mr. Tim Hudak:** They could follow up, maybe, to the committee through the clerk to help us understand what the differences are.

The other point I get from a lot of folks who work in long-term-care homes in my riding in west Niagara is the amount of paperwork they have to do. They're there because they want to help residents and they want to deliver care, and they find themselves doing a lot of paperwork. What can be done to ensure that people are actually more hands-on and try to find a way to reduce the amount of administration time?

**Ms. Susan Schmidt:** I don't know if you can reduce the amount of paperwork. You have to chart what's going on, but we need more hands. If we can put a couple more hours in a day that would be great, but we can't, so we need more hands. We're there working with our hearts, not just our backs.

**Mr. Tim Hudak:** Help me understand, too, in terms of what's done electronically and what's done with the old-fashioned paper and pen. Is there something that can be done in terms of electronic record-keeping that might help?

**Ms. Susan Schmidt:** Some of the homes are going to computerized charting. I know that some of the bigger hospitals have bedside charting. It would cost a fortune to bring that into long-term care, where you actually carry something in your pocket and as you do it, it goes into a main—I'm not computer-literate—thing over there. I believe that would be very costly, but the paperwork has to be there. The next shift needs to know what has been going on and what kind of care has been given. It's getting more hands for more time—it really is a vicious circle, but we need more hands.

**Mr. Tim Hudak:** It has been a few years now since new homes have been opened or rebuilt, like Northland in Port Colborne, Albright in Beamsville, and Grandview just up the road from you in Dunnville. What's the viewpoint of those working there in terms of how successful that has been or the things that can be improved in transitioning to new sites?

1400

**Ms. Susan Schmidt:** The staff love the new homes. There's more space for the resident, there aren't—don't quote me on this—any more gang toidies, which is wonderful. Everyone has their own washroom or two people share. It comes down to the constant running. There aren't enough hands. I don't know how many times I can say it: There aren't enough hands to give the people the care they deserve.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Ms. Susan Schmidt:** Thank you.

#### HAMILTON WORKING GROUP ON THE ONTARIO POVERTY REDUCTION STRATEGY

**The Chair (Mr. Pat Hoy):** Now I would ask the Hamilton Working Group on the Ontario Poverty Reduc-

tion Strategy to come forward. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning put to you by the NDP. I would ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Peter Graefe:** I'm Peter Graefe, and I'm with the Hamilton Working Group on the Ontario Poverty Reduction Strategy. I'm alone here presenting this brief, but I'd like to signal the presence of several members of the working group in the room, including Ursula Samuels and Susan Muma.

Our name conveys who we are. Our group exists to engage the Ontario government to respond to the expressed wishes of Hamiltonians to see poverty reduction tackled in an effective manner. Our group, which was formed in the spring of 2008, pulls together members from many sectors, including people living in poverty, faith communities, social service agencies, academics, community legal clinics, social planners, partisan activists from all parties and many concerned citizens. The breadth of our group reflects a broader consensus on the need to reduce poverty, a consensus that has been forming in Hamilton over recent years, and most evident in the creation of the Hamilton Roundtable for Poverty Reduction. The Hamilton experience has shown how important new community partnerships can be in tackling poverty, but also how those partnerships need the support of senior levels of government if they are going to go beyond creating simple islands of progress in a sea of poverty.

There are many reasons why poverty needs to be a government priority and to thereby give rise to specific investments in the 2009 budget. Many of these were laid out in the Breaking the Cycle poverty reduction strategy released by the government less than two weeks ago. From our view, there are significant moral and social justice reasons to tackle poverty. But in the limited time I have, let me also reiterate some of the economic imperatives for poverty reduction.

According to the November 2008 report by the Ontario Association of Food Banks, poverty costs each household in Ontario somewhere in the range of \$2,300 to \$2,900 a year. The cost to the province is between \$32 billion to \$38 billion, or 5.5% to 6.6% of the provincial GDP, when you combine private and public costs. There is a clear relationship between poverty and poor health outcomes, lower productivity, lower educational attainment and children's future income. Poverty costs the province in terms of lost tax revenue from low income; it increases costs associated with crime, health care and social assistance. There is also a likelihood that 20% of children raised in poverty in 2006 will live in poverty themselves when they reach adulthood. These adults will then contribute somewhere in the range of \$3 billion to \$4 billion less to the economy than they would have if they achieved an income just above the poverty level. The same report from the OAFB tells us that reducing poverty with targeted policies and investments over the life course generates an economic return, but we need to make investments in order to achieve this return.

We are therefore counting on the Ontario government to deliver a 2009 budget that makes a significant down payment toward poverty reduction and prepares the way for further measures in 2010 and 2011 as part of a three-year plan. We know that reducing poverty is not just about provincial spending. The federal government has its work to do and Ontario also has to rework and restructure key systems that work to ensure welfare, including labour market regulation, the Ontario Works and Ontario disability support programs, anti-discrimination initiatives and the public education system. However, reaping the long-term economic and social gains of poverty reduction cannot just be about improving our existing systems. It also requires investing in Ontarians in the here and now.

For Ontario to match Quebec's initiatives after they adopted Bill 112—their law to abolish poverty—to do that on a per capita basis, it would need to spend the equivalent of about \$1 billion, exclusive of child care. A \$1-billion investment in a poverty reduction strategy therefore strikes us as a reasonable beginning. And as stated above, investments in poverty reduction provide short-term benefits in terms of economic stimulus, but unlike some forms of stimulus, they are investments that produce social gains for decades.

We therefore, in our brief, propose that the 2009 Ontario budget make public investment in four key areas, namely social housing, income support, community initiatives and early childhood education and care. I'll quickly go through those four areas.

In terms of social housing, governments looking for stimulus policies in recessionary times often look to housing. But not all housing is created equal. An investment in social housing has the additional benefit of contributing to poverty reduction and poverty prevention. To take an example, for our city, the year-over-year turnover in classes in Hamilton's downtown public schools often exceeds 100%, as parents move between school catchment areas in efforts to find affordable and secure accommodation. Such moves put economic stress on households, but also deny children the opportunity to build a support network of friendships or to be properly diagnosed for special supports where appropriate. We therefore propose that the 2009 Ontario budget commit to a multi-year program of public investments to construct 8,000 affordable housing units each year. In addition, investments need to be made to repair the existing social housing stock.

In terms of income support, we would like to see the 2009 Ontario budget introduce a \$100-per-month food supplement for Ontario Works recipients to alleviate the cycles of hunger experienced by adults on social assistance, and we would like to see social assistance payments fully indexed. Also, in terms of income support, I think this budget could take real steps forward in reducing labour market poverty by introducing an indexed Ontario housing benefit for all lower-income families so that shelter costs do not exceed 30% of gross income; providing support allowances for extended skills training,



education and vocational planning for parents, youth and adults, which is really important, because if you're not on social assistance and you don't qualify for EI, you really have no door into the Ontario training system—or a very difficult door; and finally, extending dental, drug and vision coverage to low-income workers. In addition, given the success of child benefits in reducing rates of child poverty, the Ontario child benefit should be raised from the current total of \$1,100 to \$1,500, ensuring that all eligible families touch the full increase. It's a form of stimulus that could be delivered very quickly.

The third element, after social housing and income support, is community initiatives. We are pleased that the poverty reduction strategy announced a community opportunities fund to support local anti-poverty partnerships and we trust that it will appear in the budget. We would also like to see this paired with a community services partnership program that strengthens the core funding of voluntary organizations and community agencies working in poverty reduction and prevention. Community organizations and initiatives have long played a central role in providing more equal access to resources and opportunities. They are a social infrastructure, ensuring that people's needs are met, but they are also a social economy, producing goods and services and creating jobs in the process.

The final area where we would like to see a serious down payment in an anti-poverty strategy in the budget would be child care. We know that early childhood education and care serves both poverty prevention and poverty reduction. It prepares all children to be effective learners once they enter school, but it also provides jobs in the formal labour market and provides stability for parents, especially women, who are working or pursuing training. The 2009 Ontario budget should therefore set out a plan to build a system of universal high-quality, affordable and not-for-profit early childhood education and care, beyond the sound decision to implement full-day learning for four- and five-year-olds. This should include investment in new spaces, capping parent fees, providing core funding directly to child care centres, and improving quality in these centres through better wages and benefits for child care workers. If early years investment truly brings the highest return on investment, as the government's poverty reduction strategy argues, then there is no sound reason to not increase efforts in this domain.

To conclude, then, Hamilton has been talking about poverty and creating new partnerships to address it for several years now. It is clear that communities can make real strides to address poverty by working together and innovating, but they can only go so far unless the federal and provincial governments also do their part. Not all the necessary pieces can be put into place through one Ontario budget or even several Ontario budgets. Poverty reduction certainly will not happen unless the Ontario government decides to invest in the sort of social infrastructure and programs that reduce poverty, prevent poverty and build community; namely, social housing, income support, community initiatives, and child care.

**The Chair (Mr. Pat Hoy):** Thank you for your submission. Mr. Prue will be putting the questions.

**Mr. Michael Prue:** I think you skipped over it, but in your brief you talked about other countries having addressed the issue of poverty. You point out the Scandinavian countries, you point out 15 American states, you point out Quebec and Newfoundland and Labrador.

In Ontario, two weeks ago—I guess it's two weeks ago now—the government of Ontario announced the poverty reduction strategy, confined almost exclusively to children. Have the other jurisdictions confined their poverty reduction to one group and not to the overall poverty of the disabled, aboriginal groups, new Canadians? Have they done the same sort of narrow focus?

1410

**Mr. Peter Graefe:** If you looked at the case of Tony Blair's strategy, you'd probably find—and maybe, to a lesser extent, in Ireland—the only one where you'd have seen the same intensive child focus.

Certainly, if we were to look at Quebec, even Newfoundland, it is not taken within that context of simply children. Important aspects of their strategies are focused on children, but I think they are based on an understanding that there is a broader issue of social inclusion that has to be dealt with in these strategies and that, ultimately, poor children live with poor parents and in poor communities, so there is a limit to the effectiveness of a strategy that simply bumps up the income levels of certain families living in those communities when the broader array of opportunities that would allow for full participation in society isn't there.

In a sense, if one was to look comparatively, most of the attempts at poverty reduction strategies have been broader-based and go beyond children. Obviously, children are an important focus for lots of these programs, because of the science that shows early childhood inequality having long-term social costs for societies. But it remains that, in most cases, there is a more broad-ranging view to say that even if you want to be effective in dealing with child poverty, you've got to deal ultimately with poverty in the society as a whole, because it's not as if we can take children and extract them from society, move them out of poverty. We can't do that. They're living in a series of neighbourhoods and situations with housing, child care and the like that need to be addressed at the same time.

**Mr. Michael Prue:** One of the facts and figures that often get missed is that most people on Ontario disability, ODSP, have no children—more than 90% have no children. Any comment on that, and whether the strategy will work at all for them?

**Mr. Peter Graefe:** I think there are some significant groups that are excluded with the child focus. Certainly, with the Ontario disability support program, as you point out, there is a large number of people who aren't going to benefit that much from an increase in the child benefit or some of the other features around that. Yet, in a society such as ours, I think we feel an ethical responsibility to ensure a standard of living above poverty levels. There is

a need to engage the federal government much more directly in developing some kind of new disability benefit that would be similar to some of the old-age provisions that we have, albeit with more opportunities too for full participation in the labour market where people on that program choose to do so because they have that capacity.

But there are also a lot of other people who fall through the cracks of this strategy. We're going to see, in this recession, some serious problems with people falling off EI or not qualifying for EI—single adults who have too many assets to qualify for Ontario Works. We'll have a lot of people who are going to be spending down their assets, essentially, until they hit the bottom of the minimum program.

There is a series of questions there, where we have significant communities who aren't children but who aren't being reached by our social policy—a lot of people who have no social safety net, ultimately. So, yes, there is a difficulty in launching an anti-poverty strategy which looks only at a particular sub-sector, as important as that may be.

**Mr. Michael Prue:** You've given the example of Regent Park. It's dear to my heart because I grew up there. In fact, I was there when they tore out the first building. That was the one I grew up in.

As sort of a model to rebuild social housing, could such an experiment work in Hamilton? I'm just trying to see—I know we're talking in Toronto about Lawrence Heights. Could it include Hamilton?

**Mr. Peter Graefe:** I don't think you have in Hamilton quite the same built environment as in some of those particular cases. But certainly my experience, speaking with people in the social services in Hamilton, is that they're ultimately a transfer agency for the provincial government. They run Ontario Works and a certain number of other specific programs, but they've got no sort of internal capacity to innovate and do community development beyond really being kind of a cheque—or, you know, investing agencies.

The possibility is that if you begin to have slightly more significant investment in redeveloping older social housing stock or building new social housing, and similarly in developing new child care, there is a whole series of community building opportunities around that so that you're not just building a building but there are ways of bringing people in and developing networks and community associations that provide a whole series of additional—kind of renewing the soft infrastructure is the expression I think we used in our presentation. At the same time, it's a hard infrastructure. So I don't think you'd have anything quite on the scale of a Regent Park or a Lawrence Heights, but there are certainly significant pieces of social housing in Hamilton where a redevelopment scheme could involve, in a sense, a reinvigoration of citizen participation in the planning of neighbourhoods and finding ways of building in other community goods as part of a social housing strategy, so that you get the added benefit. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your submission.

#### ABC CANADA LITERACY FOUNDATION

**The Chair (Mr. Pat Hoy):** Now I call on the Ontario Literacy Coalition to come forward, please.

*Interjection.*

**The Chair (Mr. Pat Hoy):** This particular group has changed their name to the ABC CANADA foundation, just to correct the record. Good afternoon. You have 10 minutes for your presentation. The government will be asking you the questions in this round, and I'd ask you to identify yourselves for the purposes of our recording Hansard.

**Ms. Margaret Eaton:** I'm Margaret Eaton, president of ABC CANADA Literacy Foundation.

**Ms. Gay Douglas Broerse:** My name is Gay Douglas Broerse. I'm the executive director of Literacy Link Niagara.

**The Chair (Mr. Pat Hoy):** You can begin.

**Ms. Margaret Eaton:** Thank you, Mr. Chair. It's a great pleasure for us to be here today. We're both part of a broader workplace literacy committee convened by the Ontario Literacy Coalition, which includes the Ontario Federation of Labour and the Canadian Manufacturers and Exporters, amongst others. We're very pleased to be here.

Literacy is absolutely fundamental to achieving Ontario's full potential and withstanding the economic turmoil that is upon us. In our presentation, I'll address our specific proposal to the government of Ontario to invest in a workplace literacy solution, and Gay is going to provide a bit of background on the perspective here in the Niagara region.

What's the nature of the literacy problem? A 2003 Stats Canada study says that 42% of Canadians are below the literacy level necessary to succeed in western society. This study places literacy on a continuum of one to five, and it shows that really, it's everything from people who cannot read at all—people who can't decode, which is only about 3% of the population—up to level five. The study suggests that level three is where we should all be, and level three is about the equivalent of a high school education. So about 42% of Canadians, and the number is roughly the same in Ontario, fall below that standard of a high school education. We're quite worried about those people. Do they have the skills that they need to really compete and participate in this new labour market that we're finding ourselves in now?

Ontario is very fortunate. Our economy has produced many jobs, some of them very well-paying, to individuals with low literacy. Manufacturing, mining and natural resources have historically provided those jobs. Now, as we all know, it's a very different story. We're losing low-skilled jobs, as you know, but also, what we're finding is that jobs that were formerly low-skilled are requiring higher and higher levels of literacy. A great example that I heard was trucking companies. That's been a refuge—



driving a truck—for people with low literacy, but now, because they have onboard computer systems, they have to have higher requirements for literacy. Some people require a high school education now before you can get into the cab of a truck. Many Ontarians will need to retrain and upgrade their skills just in order to participate in this changing labour market.

We applaud the government's initiatives, including the Second Career strategy, to help those who have already lost their jobs because of these changes, but we believe that it's also important to upgrade the skills of those who have not yet lost their jobs but may be vulnerable to further changes in the economy and in technology. We believe that a great way to do that is to provide the skills and training in the workplace while people are still employed. We know that of those with low literacy, 72% are employed. They're in the workforce right now, and it's the ideal place to reach them.

A new workplace literacy initiative is much needed to help Ontario employers and workers alike. That's the amazing thing about literacy and learning in the workplace: It also benefits employers. The Conference Board of Canada has done some research, and they've found that workplace literacy actually improved on-the-job performance. It improved customer and employee retention, it improved corporate image and it improved worker confidence, resulting in improved innovation and creativity. In the Conference Board's words, "These benefits translate into financial savings, productivity gains and higher profits."

1420

The Canadian Manufacturers and Exporters also agree. They did a report in 2003 called *Business Results Through Literacy*, and what they found was that improved literacy improves workplace health and safety, engages the worker to implement new regulatory requirements, and decreases absenteeism.

For workers, better literacy offers increased confidence, improved problem-solving and better decision-making, but no one group or stakeholder can take on workplace literacy alone. In the words of the Honourable John Milloy, "Changing the nature ... of our workforce is going to require creativity, some innovation and a lot of great partnerships," so a coordinated approach is really what we're recommending today. We recommend that the government of Ontario partner with employers and labour to develop a workplace literacy strategy. Our position paper suggests a multi-year pilot project with four elements.

The first element is the creation of a labour market partners' committee to oversee the pilot projects. Manitoba has a fantastic workplace literacy program, and one of the key strengths of that program is the organizing committee.

Second is funding for workplace literacy demonstration projects in workplaces across Ontario. So we would like to see some trial projects out there in the field, to see how they perform.

Third is some research to determine best practices. We know they are out there; we just need to gather them up

and use those as models for the implementation of the demonstration projects.

Finally, funds for capacity-building: We need to train and develop workplace literacy practitioners in Ontario.

We've been working with the Ministry of Training, Colleges and Universities to explore this workplace strategy, and we're very encouraged by our progress. To build the momentum further, we urge the members of this committee to recommend that the government of Ontario move forward on a workplace literacy strategy for Ontarians. A more skilled, literate workforce means that Ontario's employers and industries will have a strong pool of workers to draw from, and thousands of Ontario's residents will have the skills they need to thrive in their families, their communities and their workplaces.

Now I'll turn it over to you, Gay.

**Ms. Gay Douglas Broerse:** Thank you once again for having us here today. I will start with a little bit of an overview around my role here in Niagara and how that equates to others' roles in the province to give you a little sense of how adult literacy is currently organized in the province.

Literacy Link Niagara is one of 16 regional literacy networks. Our prime responsibility across the province is the coordination and planning of adult literacy services. The Ministry of Training, Colleges and Universities asks us to bring those players around the table and ensure that there is no duplication of service, that we create an annual plan, and that we develop strategies to meet the needs of learners in our communities. So it's a very complex system in that, with those 300 agencies out there, it would be very difficult, often, for the ministry to get their word out unless there was some sort of information broker. That's how we see our role in networks: We bring the information from the ministry to its funded programs, and the funded programs bring their information to the ministry, often, through our doors.

There has been a real major shift in the last few years to essential skills. We've recognized that the word "literacy" is often a very bad word and frightens a lot of people away from doors where they need to be. What we're seeing currently in the province is a real shift to using "essential skills" language, which you may be familiar with. I'm just going to very quickly go over what those essential skills are.

The interesting thing about essential skills—and you hear a lot of that from the HRSD and Service Canada perspective—is that those essential skills were pulled after the work was done on the International Adult Literacy Survey back in 1994. That's when that list was created. Sometimes people forget that the essentials skills are essentially grounded in literacy and foundational skills that are necessary for all future learning. So when I'm talking about essential skills, I'm talking about reading text, document use—a big one for business, the use of documents, schedules, charts—numeracy, writing, oral communication, working with others—another big one for the business community—continuous learning, thinking skills and computer use. So what you're seeing

is that in the province we're really shifting our focus now to that essential skills training. You're seeing a lot of organizations change their name from "literacy" to "learning" organizations to reduce that stigma.

I've been around for about 12 years. My first experience with workplace education was back in 1996, when I first joined the network and heard about something called WWBES. I don't know if anyone goes back that far. It was called workplace workforce essential and basic skills, and it was an on-site training program for business in which the government contributed half the costs to an integrated, on-site workplace literacy program provided that the business provided the other half.

We had tremendous results here in Niagara in Custom Pharmaceuticals. Custom's changed its name in Fort Erie. I'm not sure who they are now—

**Mr. Tim Hudak:** Patheon.

**Ms. Gay Douglas Broerse:** Patheon. There are some interesting data available about that experience.

My second experience was back in 2003. The ministry funded five regional networks across the province to become what they called "first sites" for workplace literacy. Over the course of a year, closer to two years, we received funding to develop the internal structures and protocols that would be necessary to take our strength and expertise in literacy assessment and training and customize training to career goals and match it with the business community. So over the course of those two years, the five networks that were involved developed their own particular local model to do that work, and unfortunately after those couple of years, and based on our feedback that the field wasn't quite ready to walk into businesses and provide training, that funding discontinued and those dollars and those resources were invested into training the field.

The last five years have seen an incredible amount of training happening with our literacy practitioners, especially around essential skills, preparing people for the workforce and helping with the current employment challenges of working people. So it's five years later now, and I certainly feel that the field is ready now for the challenge.

**The Chair (Mr. Pat Hoy):** You have less than a minute left.

**Ms. Gay Douglas Broerse:** Oh, thank you. I appreciate that.

I think that here in Niagara the decline in our manufacturing base and the numerous layoffs that we're seeing happening is releasing a large number of people who are going to be looking for the same jobs that they were able to apply for and get back in 1986. And often, those jobs, as Margaret referred to, are no longer available or the bar has been raised to the point that they need to upgrade. We need to somehow find those folks and help them find their way through this very complex system. So workplace and workforce preparation is absolutely critical for these times.

One more final note and I will end: just to let the group know that one of our challenges right now is that

most literacy programs in the province are at capacity or have waiting lists. We only anticipate, with the increased flow of laid-off workers, that the demand will grow, and the literacy programs have been flat-funded for the last 10 years. So this is a wonderful opportunity, through workforce literacy, to take the skills, potential and expertise that our field now has and somehow link it to the needs of people who are working.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to the government, Mr. Sousa.

**Mr. Charles Sousa:** Thank you both for being here today. Literacy is a priority for all of us, and it certainly makes Ontario a much more competitive jurisdiction. I'm proud to see that some of the advancements over time have occurred; that we have become—and we're being monitored and noted. Ontario's overall reading achievement has excelled other jurisdictions—I think we're the third now, relative to 45 other countries—and certainly providing sufficient resources to teachers and getting it started at the early years is so important. Of course, you're talking about adult literacy and thereafter, and literacy is more than just reading. We're also talking about financial literacy. I attended the SEDI Awards—

**Ms. Margaret Eaton:** Me too.

**Mr. Charles Sousa:** And it was outstanding the way they take note of adults in dire need of managing their resources, especially in these times. But there is a corporate social responsibility in this. There is a partnership necessary to move that forward, and I appreciate you bringing that to light.

We've released an ESL program, English as a second language, with many companies, especially for new immigrants coming to Canada. I've attended some of their works of establishment and they seem to have some successes. Can you elaborate a little bit on what you've seen there?

1430

**Ms. Gay Douglas Broerse:** I don't know an awful lot about ESL. Currently, it's in its own silo with a different pot of money and our responsibility, locally indeed—there's a separation between ESL and literacy. The literacy program is offered by the Ministry of Training, Colleges and Universities for adults and focuses on anglophone, francophone, native and deaf cultures only.

**Mr. Charles Sousa:** Can I give Sophia an opportunity to ask a question, Mr. Chair?

**The Chair (Mr. Pat Hoy):** Ms. Aggelonitis.

**Ms. Sophia Aggelonitis:** Thank you very much. I have two questions. You mentioned a figure of 300. I wasn't—

**Ms. Gay Douglas Broerse:** I might not have been clear.

**Ms. Sophia Aggelonitis:** I'm sorry?

**Ms. Gay Douglas Broerse:** Three hundred adult literacy agencies are currently operating, providing adult programming in the province.

**Ms. Sophia Aggelonitis:** Okay. You spoke about partnerships. The other question I have is, do you have partnerships with business groups like the chamber?



**Ms. Margaret Eaton:** Yes. As part of this workplace literacy coalition, the Ontario Chamber of Commerce is one of our members and they've been very supportive. They've come out with a whole statement about literacy actually driven by the Hamilton Chamber of Commerce, in fact.

**Ms. Sophia Aggelonitis:** I know.

**Ms. Margaret Eaton:** Yes, they're leaders in this area.

**Ms. Sophia Aggelonitis:** It's a really important connection there, and I really wanted you to talk about that.

**Ms. Margaret Eaton:** Yes.

**Ms. Sophia Aggelonitis:** Okay; thank you.

**Ms. Margaret Eaton:** Thanks.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation.

**Ms. Margaret Eaton:** Thanks very much.

**Ms. Gay Douglas Broerse:** Thanks for your time.

#### ONTARIO PUBLIC SERVICE EMPLOYEES UNION

**The Chair (Mr. Pat Hoy):** For the committee, the 2:45 has not arrived, but we do have in the room the Ontario Public Service Employees Union, willing to come forward now.

Thank you for accommodating the committee. You have 10 minutes for your presentation. There may be up to five minutes of questioning. I would just ask you to identify yourself for the purposes of our recording Hansard, and you can begin.

**Ms. Patty Rout:** I'm Patty Rout and I'm the first vice-president and treasurer of the Ontario Public Service Employees Union.

OPSEU, as you know, represents more than 125,000 workers, most of whom work in the public sector, including the ministries of the crown, hospitals, colleges, social services and the LCBO, and many other broader public sector workers. I happen to be a medical laboratory technologist employed at the Lakeridge Health Corp., which is in Oshawa. I know only too well what it's like right now to be in an economy that's in the difficulty that it's in.

I want to be very clear on a few fundamental issues that OPSEU considers.

First, Ontario is facing an economic crisis the likes of which few of us in this room have witnessed in our lifetimes. The impact on hundreds of thousands of people in this province is enormous, and jobs are disappearing at an alarming rate. Communities are watching as their economic lifelines are snapped.

Secondly, with the exception of Stephen Harper, everyone recognizes that all levels of government must take immediate action to strengthen our economy and effectively address the global economic calamity that is impacting on Ontario and Canada.

Third, let's understand that economic stimulus and financial restraint are contradictory terms. In determining how it acts to address the economic crisis, the provincial

government cannot speak out of both sides of its mouth. It must make clear its intention to infuse the public sector with badly needed resources to curb the crippling impact of our economic crisis in this province.

Our public sector once had 20% of the jobs and services in Ontario. That had fallen to 15% from 1995 to 2003. The decline had a dramatically negative impact on many communities that deliver and as well receive public services. In tough economic times, with heavy job losses in the private sector, many families rely on a public sector paycheque, and so do the communities in which those families live. The public sector has only slightly increased since 2003, to about a 16% share of the economy since the McGuinty government took office on a promise to rebuild public service. So the thrust of our argument today is that there remains much work to be done in the public service for the benefit of working families, for communities and for all residents of Ontario.

I will focus on four key areas of concern to our membership: temporary and contract workers in a good-jobs economy; the failure to adequately fund the front line of the Ontario public service; the privatized financing and delivery of health care; and the underfunding shortfall that faces our community colleges.

It is evident that all levels of government must become much more aggressive about using the tools of the state to pull us out of this economic crisis. This is what the Auditor General of Ontario is saying. This is what virtually every leading economist is saying, at home and abroad. This is what Canadian bankers are saying. Everyone seems to understand this, except the Prime Minister of Canada.

What we're witnessing in Ontario is the failure of the provincial government to take bold action. We're hearing all the right words from our Premier, but what's missing is a sweeping plan to deal with the bold action.

The reality today is that too many Ontario families are struggling. If they are receiving social assistance, it's just too low. If they are working one or two or more jobs at minimum wage, they are stuck in a cycle of poverty. If they have a good job, they don't know for how long.

Three out of eight jobs in Canada are part-time, temporary, seasonal, or precarious in some way. These workers are often paid less than full-time workers, they seldom have benefits, and they lack job security. It's over them like a dark cloud.

At least 40,000 OPSEU members are part-time or contract workers. They go by many different names, such as "unclassified," "part-time," or "casual," but they all have the same issues. Now, more than ever, Ontario needs good jobs that allow working people to live decently, bring their kids up properly, and retire with dignity.

This is the message we took to the street on December 10, when it was 10 below, on International Human Rights Day, outside LCBO stores across Ontario. The LCBO has four tiers of wage structure. Its employees are fighting for equal wages, benefits and some dignity.

It will take added provincial spending to create well-paying jobs and to help transform bad jobs into good

ones. Any move now or in the next budget that cuts wage gains for real people doing real work is bound to fail. A strategy that puts money in workers' pockets is a good one.

To help get us on that path, the government should begin by taking a good, hard look at the dramatic report released last week by the provincial Auditor General. He said that instead of getting on with rebuilding services in tough economic times, the province is falling behind.

The auditor said that it would have been cheaper—and we all said this—by more than \$600 million for the government itself to have built the William Osler hospital in Brampton than to hand it off to a private organization.

He exposed the fact that the Ministry of Revenue is badly under-resourced. At least \$500 million in provincial sales taxes is going uncollected. Can you imagine, if we took those missing dollars, what we could have done to build our social infrastructure?

The report also notes that the province has not adequately addressed the deficiencies in public safety inspections—for example, meat safety and transportation safety—that first took root under the Harris regime in the 1990s and that still continue today.

The Auditor General's report strongly indicates that the government continues to fall short when it comes to the courts and correctional services.

Let me return to health care.

At least half of our hospitals are in deficit this year. They've been limited to a 2.1% budget for 2009-10. We know that 80% of their accountability agreements have not been handed in, and we know that the deficits are going to go up for 2009.

Our hospitals were promised that they would keep their services after the amalgamations we saw with Mike Harris, but that has not been honoured by the local health integration networks. I call those 14 Ministries of Health, because if anyone tried to figure out what's happening in the health care system, there's absolutely no one to go to.

1440

If current provincial thinking on hospital operations does not change, emergencies are going to close. There will be a major loss of health services in small towns and in rural areas.

While the Auditor General's report acknowledges that the government has almost reached its target of 35 beds per 100,000 people, the services that were meant to be put in place to assist the mentally ill who are no longer in those facilities are not being funded. The auditor revealed that over half the people with serious mental illness are living in the community and not receiving the appropriate care. We are failing the most vulnerable people in our society and we are failing the care providers.

Lastly, I would like to touch on the community colleges, a cornerstone in preparing our people of Ontario for the challenges presented by this new, green, knowledge-based global economy.

When OPSEU last made a presentation to this committee, 11 months ago, we stressed that Ontario has

dropped to ninth place among Canadian jurisdictions in student funding. We urged the government to take this matter seriously by investing in our young people struggling to gain education that they need so they can compete.

Sadly, on this score, absolutely nothing has changed and we're still number 9—nothing to be proud of. So we say to you again today, it's time to make a bold move in the direction of bringing our funding of community colleges more in line with at least the Canadian average.

Let me conclude by reinforcing OPSEU's key concerns and remedies. In the face of the most severe economic downturn since the Depression, now is not the time to cut back on public service or public sector wage gains. This is not the time for more privatization of our health care system. And this is not the time to squeeze our community colleges even further, to the point where we fall behind in the global economy.

It is, however, time to plan boldly to meet and overcome the serious economic challenges we face. It is time to engage the tools of government to reduce the wage and benefit gaps caused by an economy that is fracturing into more and more categories of workers. It is time to take back our health system that is hemorrhaging money to the private sector when all available evidence shows that the public sector can do it better and do it cheaper. It is time, as the Auditor General most accurately pointed out, to reinvest in our public services, if only to safeguard the health and safety of the people of Ontario.

The challenges we face are steep, and I don't pretend that the solutions are simple. But now is the time, more than ever, that we must pull together in a common cause. Nothing less than the future well-being of our great province depends on this.

Thank you.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to the official opposition. Mr. Arnott.

**Mr. Ted Arnott:** Thank you very much, Ms. Rout, for your presentation and for coming here today to offer us your views and your opinions on behalf of your membership.

I should briefly explain: The way this committee is operating today is, although there are members here from all three parties, we are asking questions in rotation. So, while other members of the committee may very well have questions for you, they'll have to talk to you afterwards, because that's the way we're managing the committee at the present time.

I wanted to ask you about your job as a medical laboratory technologist, because you indicated that you're proud to do that at the outset. Is that a full-time position, or are you one of the part-time or casual employees that you mentioned?

**Ms. Patty Rout:** I was full-time.

**Mr. Ted Arnott:** Okay.

**Ms. Patty Rout:** I was very fortunate. I was hired in the 1970s, when there was a huge move by this province to make sure that we had enough medical laboratory technologists trained. At this point, we are now in a crisis



in that field in that there is—but there are no full-time jobs, so we can't get people to go to them.

**Mr. Ted Arnott:** What sort of work do you do at the Lakeridge Health Corp. in Oshawa, then, in your department?

**Ms. Patty Rout:** I am a lab technologist working in pathology and I specifically worked on cancer markers for tumours. So the tumour would be presented to us, and we would then do a study to find out what would be the appropriate care for that tumour.

**Mr. Ted Arnott:** And are there enough staff at that particular location to keep up—

**Ms. Patty Rout:** Absolutely not.

**Mr. Ted Arnott:** Okay.

**Ms. Patty Rout:** No, absolutely not. The shortage is huge.

**Mr. Ted Arnott:** You also said on page 3 of your presentation that there are 40,000 OPSEU members who are part-time or contract workers. As a percentage of all the OPSEU members, what does that represent?

**Ms. Patty Rout:** About 30%.

**Mr. Ted Arnott:** About 30%?

**Ms. Patty Rout:** Yes. If you look at health care, where I come from, specifically hospitals, 68% of the people are part-time; if you look at LCBO, about 72% are part-time. If you look at the Ontario public service, it's probably the lowest as far as part-time workers go.

**Mr. Ted Arnott:** In the Ontario Legislature, as we've debated the unemployment issue in the last number of months, the government often responds with the number of jobs that have been created in the province in recent months. I think that slightly over half of the number they cite are actually in the broader public sector. So it would include direct employees, I would think, of the provincial government. Is that what you're experiencing as well, or is it inconsistent with what—

**Ms. Patty Rout:** Yes. There's been really no growth in the Ontario public service. Being the treasurer of our union, I see where the dues come from, and the dues very much are coming from the broader public service. We just, as of December 15—I guess that's today. Our provincial health labs have now moved to the broader public service. As well, the Penetanguishene mental health facility has now moved to the broader public service. So we're seeing more and more of our membership—it's just a steady drip.

**Mr. Ted Arnott:** You said early in your presentation that at one time the public sector supplied 20% of the jobs and services in Ontario. What year was that? In the early 1990s?

**Ms. Patty Rout:** I would have to check, but I would think it's probably the 1980s, before all the cuts started to happen.

**Mr. Ted Arnott:** Thank you very much for your presentation and for answering my questions.

**The Chair (Mr. Pat Hoy):** Thank you your presentation.

**Ms. Patty Rout:** Thank you for your time.

**The Chair (Mr. Pat Hoy):** For the committee, our 3:30 is here. They're coming from another floor, so we'll just pause and wait for them.

1450

## CANADIAN MANUFACTURERS AND EXPORTERS

**The Chair (Mr. Pat Hoy):** Our pause has ended, and we certainly appreciate you accommodating the committee at this time.

Now we'll hear from the Canadian Manufacturers and Exporters. You have 10 minutes for your presentation. There could be up to five minutes of questioning put to you by the NDP in this rotation. I would just ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Ian Howcroft:** Good afternoon. My name is Ian Howcroft, and I am vice-president of Canadian Manufacturers and Exporters, Ontario division. With me is Paul Clipsham, who is our director of policy. On behalf of CME, I would like to thank the committee for allowing us the opportunity to provide input for the forthcoming provincial budget, arguably the most important budget that we've seen in the province's history.

Before we turn to the specific or substantive recommendations, I think it's important to note a few things about CME and about manufacturing and the important roles that they play in the economy of Ontario.

CME is the voice of manufacturing and exporting. Our member companies account for over 75% of total manufacturing output in the province and approximately 90% of the province's exports. CME members represent a broad variety of industry sectors, with approximately 85% of them being small and medium-sized enterprises. As well, we have many large manufacturers, particularly in the automotive, resource-based, food, energy and high-tech industries. Consequently, CME is well equipped to represent and be the voice of manufacturers and exporters in Ontario.

Alone, our sector is approximately 18% of the GDP, producing about \$300 billion of output for the provincial economy. Further, the manufacturing and exporting sector provides employment for approximately 900,000 Ontarians directly, and another 1.8 million are indirectly dependent on manufacturing. One in every six jobs depends on the manufacturing sector directly, and this is after the significant loss of manufacturing jobs since 2002. These are highly skilled and highly paid jobs with wages that pay approximately 25% higher than the national average. Every dollar invested in manufacturing generates \$3.25 in total economic activity, the highest multiplier effect of any sector.

The sector also represents over two thirds of all private sector investment in research and development. We raise these facts to demonstrate, again, how important manufacturing is to Ontario.

It's also important to recognize and commend the government on its commitment to a strong manufacturing

sector. By adopting CME's earlier recommendations to create the Ontario Manufacturing Council, eliminate the capital tax for manufacturing activities and provide funding for productivity improvements for small and medium-sized manufacturers through the CME's recently launched SMART program, the government is taking meaningful and demonstrable steps to address the challenges facing the sector. However, much more needs to be done.

Since our last presentation to this committee about a year ago, the economic landscape has changed dramatically. For several years, manufacturers have been grappling with the value—and now the volatility—of the dollar, competition from emerging markets, regulatory inefficiencies and rising business costs. The recent credit meltdown in global financial markets, liquidity issues and the recession south of the border have only added to the intensity of this perfect storm. In Ontario, we have 200,000-plus fewer manufacturing jobs than we did five years ago. Reports by leading economists suggest that we could lose tens of thousands more jobs over the next year or two if we continue down our current path. Consequently, we must take an aggressive, collaborative and co-operative approach to develop the innovative solutions to get us through these difficult and challenging times.

For example, in the 2008 budget, the Ontario government announced a \$25-million grant to CME to provide some much-needed assistance to small and medium-sized manufacturing companies to help increase productivity, accelerate adoption of information and communications technology, and improve energy efficiencies. As noted above, we have branded this the SMART program. The interest in this program has been unprecedented in CME's long history. We're confident that we will have invested the bulk of these funds ahead of schedule.

We also know that there will be many other worthwhile projects that could be implemented with an extended and enhanced program. We recommend that the government support a multi-year SMART program with a \$200-million financial commitment to help the engine of the economy—manufacturers. We think this is the best way to proceed, given that the delivery vehicle has been created—one that is resonating well with manufacturers. It's a win for government and, most importantly, it's a win for the struggling manufacturing sector.

Despite the unprecedented nature of these challenges, there is still reason for cautious optimism. We know, for example, from our annual management issues survey that those companies that are able to make investments are more optimistic about their prospects for growth.

We need urgent action on the part of government to allow manufacturers and exporters to retain more of their cash flow in order to make the necessary investments in skills training, productivity enhancement, and research and development. These are the issues that are so vital to the survival of this sector.

The actions of the government should be based on the following tenets:

- a competitive taxation system;
- cultivation of a highly skilled workforce;
- world-class infrastructure; and
- investments to support all of the above.

Keeping this in mind, I will now ask Paul Clipsham to talk about some of the specific recommendations that our committee has discussed and is proposing to you this afternoon.

**Mr. Paul Clipsham:** Thank you, Ian.

Creating a competitive taxation system is not out of reach in Ontario. The right changes can stimulate new investment, foster innovation, encourage training, reduce administration and even improve the environment by generating investment in more efficient technologies. In order to remain globally competitive, Ontario needs to look carefully at the total tax burden carried by business and act to reduce it accordingly. The level of Ontario tax burden continues to be viewed as an uncompetitive cost of doing business in Ontario.

A recently published report by PricewaterhouseCoopers and the World Bank entitled *Paying Taxes* ranked Canada as 99 among 178 countries in terms of the total tax rate paid by businesses. These costs are beyond the capacity of individual companies to control, and a major impediment to attracting new investment and sustaining economic growth.

CME recommends the following actions to reduce the total tax rate and administrative burden on businesses principally engaged in manufacturing and exporting activities: Reduce the general corporate tax rate to 8% for manufacturers, address inequities in the property tax system, and implement further tax harmonization.

We believe the government has a unique opportunity at this time to leverage the most economic gain by proceeding with targeted tax reforms in each of these areas. We believe the economic spinoffs from these reforms will garner the biggest bang for the buck and will provide the right incentive for future investment and growth.

The optimal means of improving the marginal effective tax rate is to reduce the general tax rate on businesses to 8%. This move would be relatively easy from an administrative standpoint and make Ontario's taxation rate competitive with other jurisdictions, particularly the United States. This would allow companies to better justify existing and future investments in Canada and free up capital for process improvements, training and R&D spending.

#### 1500

Inequities in the property tax system are widespread in Ontario, with industrial taxpayers bearing a disproportionate burden. A 2007 presentation to CME by Walker Poole Nixon LLP analyzed industrial, commercial and residential tax rates across seven jurisdictions in Ontario. On average, industrial rates were 35% higher than commercial rates and nearly 400% higher than residential rates. Whatever the historical rationale for levying these disproportionately high rates to the industrial base, it clearly no longer exists.



Conversely, CME would argue a strong case can be made for disproportionately low tax rates for industrial properties. Competition for manufacturing investment is now global in many cases and North American in nearly all cases. Other jurisdictions offer property tax incentives to attract new manufacturing investment. Every dollar invested in manufacturing in Ontario generates \$3.25 in total economic activity, which is the highest multiplier of any sector. Manufacturing also results in high-wage jobs that are often 25% above the national average. If we connect the dots accordingly, all this adds up to greater tax revenues for the government that can be reinvested in infrastructure, education, health care and social programs.

CME also feels strongly that the government of Ontario should fully harmonize the current retail sales tax with the federal goods and services tax to create a value-added tax system. A 2008 report by the C. D. Howe Institute entitled *Growth-Oriented Sales Tax Reform for Ontario: Replacing the Retail Sales Tax with a 7.5% Value-Added Tax* highlights the primary concern with the VAT system. Existing retail sales taxes have serious drawbacks. They result in uneven effective tax rates on consumption, because many non-durable goods and services are not taxed; they impose cascading business taxes on business inputs that are eventually borne by consumers in the form of higher prices; and retail sales taxes make it more difficult for businesses to compete in global markets and to invest in capital. In Ontario, the largest province, there still remains an antiquated sales tax: A third of the tax is levied upon intermediate and capital goods. Harmonization would increase the competitiveness of Ontario businesses. It will reduce the cost of doing business in Ontario by streamlining the tax compliance and make our products more attractive in the export market by reducing product costs. The current sales tax regime weakens the competitiveness of Ontario goods in the domestic and international markets.

The corporate minimum tax is not a significant source of revenue for the government and represents an administrative and financial burden for businesses in Ontario. Therefore the CME recommends that the CMT be eliminated in an effort to simplify the tax system.

**The Chair (Mr. Pat Hoy):** You have about a minute left for your presentation.

**Mr. Paul Clipsham:** Thanks.

CME also recommends cultivating a highly skilled workforce. The government has already committed significant amounts to creating a skilled workforce for Ontario, but we suggest that more focus should be spent on employer-sponsored training. We have two recommendations in that regard. One is to enhance the apprenticeship training tax credit, which is a competitive advantage, but we think that it can be improved to encourage more companies to take part. We also think that an employer-sponsored training program should be implemented by the government to encourage more employers to develop training programs.

As far as infrastructure, the main recommendation there is that the government accelerate current invest-

ments as a means of stimulus in the current environment. Certainly both energy and the logistics infrastructure play an important role in the economy, and speeding up the approvals and implementation of these projects can only help manufacturers under these very challenging circumstances.

That concludes our presentation. I would like to again thank the committee for their time, and we're open to any questions that you might have at this point.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will be done by the NDP and Mr. Prue.

**Mr. Michael Prue:** Two areas: The first one is the inequities in the property tax system. It's well known that Ontarians pay the highest property taxes in the world, and industry pays correspondingly, therefore, higher property taxes. We also know commercial people starting up—as an example, even before a restaurant becomes profitable, they pay taxes on it and oftentimes fail. I use a little example, but that's true in manufacturing as well. What would you replace the monies that municipalities primarily get from the property tax system—what other mechanism would you give to the municipalities so that property taxes could be lowered to a competitive rate?

**Mr. Ian Howcroft:** That would be a challenge for the municipalities. We think there should be a more equitable distribution between the various rate bases—residential, commercial, and manufacturing/industrial. You would have to increase the residential or commercial to offset some of that, or you'd have to find new sources of revenue. We think that reducing one of the tax burdens that manufacturers face is going to help to eliminate one of the barriers that we're seeing right now in retaining and attracting new investment to Ontario. So you'd have to do some realignment of the current tax system within the municipalities, but we'd be able to have, as a sales tool to try to attract more investment to Ontario from manufacturers, a lower property tax, which is currently a major deterrent and barrier for attracting this new type of business.

**Mr. Michael Prue:** I think part of the difficulty that any government would have is to convince residential taxpayers who already pay the highest property taxes in the world—and apartment and tenant taxpayers pay even more—to increase that tax in order to offset what industry is paying. I think your strategy should include some other mechanism whereby municipalities—it would have to. Otherwise, I think yours is a no go.

**Mr. Ian Howcroft:** We recognize the challenge that you've clearly articulated, and I think part of it is continuing that articulation with, do people want to have low residential property tax rates and fewer manufacturing jobs, fewer people employed in manufacturing, few of the other benefits that manufacturing brings to the province? We highlighted some of the statistics and facts around manufacturing because it is such a big player in the province. We have to be able to explain that and how you'll see some changes in taxes in one area, but you're going to see other benefits in other areas—you'll have more manufacturing here that will be generating more income for the province.

Paul, did you want to add to that?

**Mr. Paul Clipsham:** Just to say that, yes, I think it's an economic development tool that you have to explain to people; that we need to attract these investments for which the competition is global. If we don't do this, the implications are very significant, as far as where that investment goes and where it stays.

**Mr. Michael Prue:** A second point you made here is about the need for energy infrastructure. I don't think anyone would disagree. The government has several options: They have nuclear, which I think is where this government is headed; they have leaving coal in place, which is what my colleagues the Conservatives have talked about—making it cleaner coal, but leaving it in place all the same; they have new technologies. Where do you see that energy infrastructure going? It's difficult. We can all just say we need a new energy infrastructure, which is what you've said. But do you have any specifics in mind?

**Mr. Ian Howcroft:** Yes, we have. We've been very active with the Ontario Energy Board, the Ontario Power Authority and the Ministry of Energy in providing what we think should be part of the composition. We certainly support the need for more nuclear reactors to add to what we have and to replace those that will be retiring or need complete refurbishing over the next five to 10 years. We understand the commitment to eliminate coal over time, and we certainly support and encourage better conservation and new sources of energy, but I think we have to be realistic.

What we have to also demonstrate is that Ontario is not going to become, as we say, an island of high energy prices vis-à-vis who we're competing against in the United States, who are using cheap coal. We have to be innovative and look realistically at what we need.

We do have a very active energy committee, and we have provided details that we just alluded to in our comments today due to time constraints. We do have a full articulation as to what we think the energy composition should be for production over the next 10 to 20 years.

Again, Paul could probably expand on that and provide a bit more detail if we have time. I'm not sure, Chair, if we do.

**The Chair (Mr. Pat Hoy):** You're four seconds from being out of time, but we do appreciate you appearing before the committee. Thank you very much.

**Mr. Ian Howcroft:** Thank you very much. Happy holidays to everybody.

**The Chair (Mr. Pat Hoy):** Thank you.

**Mr. Mike Colle:** Merry Christmas.

1510

ANGELA BROWNE

**The Chair (Mr. Pat Hoy):** And now I call on Angela Browne to come forward, please. Good afternoon. You have 10 minutes for your presentation. There might be up to five minutes of questioning, put to you by the

government this time. I would just ask you to identify yourselves for the purposes of our recording Hansard.

**Ms. Angela Browne:** Okay. My name is Angela Browne and beside me here is Ms. Cheryl Rowe, who probably has 10 times more energy than I do, but I'm doing probably most of the talking.

Anyway, my name is Angela Browne. I'm a licensed paralegal in the province of Ontario. I'd say a good third to one half of my clients are dealing with WSIB, ODSP and poverty issues, and many of them have fairly poor prospects, if any, for a job.

My whole thing about this economic recession we're going through right now is that for my people, it is always a recession. It's just that everybody's feeling it now instead of just my people. I think that my people need to have a break too. The trouble is, we're all talking so much about how we're going to deal with all the other people who are now in danger of losing their jobs and maybe ending up on my side of the fence; I don't know.

I've been a licensed paralegal and business consultant for 15 years. I've also held the positions of executive director, national director, policy consultant, policy analyst and other senior titles. Today I live in the so-called new economy. I work long hours, and it's likely that I'll not be able to retire because there isn't any money for retirement. I'll probably be working until the day I'm dead, like many other second-wave baby boomers.

I'm pleased to be invited to the Standing Committee on Finance and Economic Affairs, and I'm pleased that you've come to Niagara Falls. I hope you're aware that Niagara region has the second-highest unemployment rate in Canada. I'm glad that you've come here. Maybe that's why you came here, or maybe—I don't know, but I'm hoping that is part of the reason, so that you can listen to some of us here and what we're going through.

Apart from the manufacturing jobs and the manufacturing industries and the troubles that they're having, it's very hard to see these people lose their jobs. We have to be realistic about it.

This region is known not only for its manufacturing job losses but for having a disproportionate number of its population on Ontario Works and the Ontario disability support program. Most of these people have not worked in the manufacturing sector and don't benefit from it. We also have quite a few well-educated people on OW and ODSP, and they're stuck there.

Niagara region has its problems as well with access to good-paying jobs for well-educated people. The ironic thing is that Niagara has two excellent post-secondary education institutions, Brock University and Niagara College, yet only 12% of Niagara region's residents have a post-secondary education.

One would wonder what happens to all those people who are educated: They flee. They flee the region in droves. Why do they do so? There are a lot of reasons. There are no jobs here for people who are well educated. The manufacturing sector has served well for people who have not had an advanced education, or may have an advanced education in a particular area, but not for



people who have had university or other college training. They have been poorly served by this region's economic strategy. The lower percentage of people in Niagara region with post-secondary education also severely disadvantages those who do have post-secondary education.

Once people get out of school, they have a big, huge student loan to pay off, and they're certainly not going to be in a position to afford a vehicle and take out another loan, another mortgage, for a vehicle, so they have to go somewhere where there is public transit. Niagara region, as you are aware, has no public transit between cities. Within cities, it's fair to poor.

I am very well educated. I'm a licensed professional. I enjoy my work, I enjoy my practice, the people I work with. But because I don't drive, I don't earn half of what my peers do, even in Niagara region. I'm just asking to be able to earn what other people earn, for my efforts.

Since February 2008, I can count approximately 10 or more persons with whom I'm friends, post-secondary educated—four in health care, two in engineering, and four in other areas. They're all gone. They left. At least four of them left because they're tired of the commute, tired of the gas prices, tired of no transit. Two of them did not drive. They're all elsewhere and they're working full-time elsewhere. One engineer did not get a job for five years because he did not have a car. Once he got a car, he magically got a job.

These people leave the province for elsewhere and I think Niagara needs to find out why. I think they need to start looking at ways of bringing talented people in, not just the manufacturing sector, but talented people in all areas—information management, social services, legal and financial services, and other types of sectors that people have developed skill or talent or education in, in this region, and have thus so far failed to do so.

As for Niagara region's transit, the parochialism, inter-municipal disputes and buck-passing has been going on for at least 30 years and that turns me off. I can no longer afford to work in Niagara region. Recently, there has been an announcement of yet another study by the region to study whether transit is needed or not in Niagara region. Perhaps I can send copies of my 23 studies I had that were done since 1973 that all say that we need transit. The region also has said it's needed, so maybe what we can do is get on with the program and stop passing the buck.

What I've been very disappointed in is that when the province started its poverty reduction strategy, it did not include transit and infrastructure development as part of the poverty reduction strategy. To me it should have been included from the beginning, because without transportation you can't get to a job, so forget about working if you can't get there. It's such a crying shame, because Jim Bradley is from this region and he's the Minister of Transportation. This region has had the worst public transit service going, and it was actually ranked that way by groups like the Pembina Institute and the Conference Board of Canada.

There were stats that were presented at St. Catharines city council where a number of agencies, employers and

other interests, such as the Chamber of Commerce, presented their strategy for transportation in Niagara. One of the biggest employment services providers, the Employment Help Centre, which is the biggest generic provider of employment services to people in Niagara—they serve immigrants as well as over-25s—did a survey. Out of 1,000 of their people that use the service, only 70 people—seven zero—have a licence and a car—7% of people can drive, who are unemployed; 93% rely on bus service. Most of these people have relied on Ontario Works and Ontario disability support program for a long, long time. Think about the costs that this is going to do and that your province is soon going to be absorbing with the uploading of the programs.

On December 4, when the poverty reduction strategy was announced, of course I was sorely disappointed. It, unfortunately, did not include people with disabilities. People with disabilities have a substantially high rate of unemployment; native Canadians have a high rate of unemployment. Senior citizens are getting a higher and higher rate of poverty, because as time goes on, fewer companies are paying pension, people don't have the money to put it away themselves, and people are now having to live on what the government offers, which is far below the poverty line.

The poverty reduction strategy put its focus on the Ontario child benefit. People who are receiving the Ontario child benefit and receiving social services are not getting the full benefit of the Ontario child benefit. They cut you on one end and then give you a handout on the other—the same thing they were doing with the national child benefit, but now they're just doing it with the Ontario child benefit. Sure, they no longer show the deduction for the NCBS; what they did is, they just lowered the cheques instead—not very intelligent.

When I did my province-wide survey, some people on Ontario Works were actually getting less total money per month than they were prior to the introduction of the OCB, and many people on Ontario disability support, while they're not getting less, the highest that I've actually encountered was \$11 extra a month for a person who has two kids. That really doesn't pay the hydro; it doesn't pay the rent increases; it doesn't pay the increased food costs, which, an excellent study from the Ontario Association of Food Banks says, is about 29% over the last five years. It doesn't begin to pay the increased costs that these people have to pay.

In my opinion, in my Ontario, there should not be a need for charity and there should not be a need for food banks, but yet, when they take the winter clothing away and they take the back-to-school allowance away, parents who could not afford to do so otherwise were told to go to charities. People should not have to go knock on the door to charities. People should have a right to dignity; they should have a right to have enough income to take care of these things themselves.

1520

Charity has nothing to do with eliminating poverty. All charity does is perpetuate it, and at the same time, by

people giving to charity, they can assume that the government is not going to be doing much; it almost lets them off the hook because the government relies on the generosity of our neighbours to give to programs that people really should be able to handle themselves economically. We're not a poor province. Even though we are now a have-not—I guess we gained that status this year—we're still not a poor province. We still can afford to deal with things. I think we just have to look at our priorities.

**The Chair (Mr. Pat Hoy):** You have about a minute left.

**Ms. Angela Browne:** Okay. People with disabilities—of all people on ODSP, 86% do not have children. In fact, most people on ODSP are single. They're single because they cannot get married, and if they get married, the person's marriage partner has to end up supporting them. The person's marriage partner—50% of their income gets taken off the person with the disability. Where else in the program, anywhere else in this province, does a person with a disability who's collecting any other benefits lose money because a spouse is working? They don't if they're on workers' comp; they don't if they're on LTD; they don't if they're on CPP; they don't if they're on EI or any of the other myriad of social benefits, except ODSP or OW. I know that there is going to be reform of these two programs. I would like to see some of that being done, and I would think that people who are currently living in poverty should be involved in the redesign.

The ODSP Action Coalition has a list of demands, which I handed around. You might have heard about these before, but it doesn't hurt to hear it 20 times. I'm a very active member of the group. I'm co-chair of the employment supports and earnings group.

I just want to take the province to my final point, the fact that recently it has made a decision to start somehow digging money—billions of dollars—out of a magic hat to give to GM and other automakers, and perhaps even other industries that may come forward that are suffering from this recession. If GM is able to get these billions of dollars, just on the government taking the money out—whether it's a loan or a grant, it doesn't matter; the government has to take the money from somewhere—I would really expect that the government would take an equal amount of money out and put it toward its poverty reduction program.

Poor people do not eat out. Poor people do not buy stuff in stores. Poor people do not go to the show. Poor people do not buy clothing. Poor people do not go places. What happens is, poor people are not stimulating the local economy. If they had more money to spend, you would have an economic stimulus package right there. The poor people would be shopping locally and they would be supporting local businesses. Then, once they start being able to get jobs and supporting themselves, they'll be able to buy cars too. Then the auto sector can start experiencing a bit of a rebound. But what we have right now is that we want to give money to the manu-

facturing sectors. I'm not saying they don't need it, I'm not against it, but I'm just saying that if you can find the money for them, you can find the money for the poverty reduction strategy too.

I'm going to be keeping a good watch on this, as well as all of the 1,500 people on my e-mail lists, the ODSP Action Coalition, the Canadian Association of Professionals with Disabilities and other associations that I'm in contact with and work with, because, if we don't see something coming out of the budget where there's a substantial down-payment, maybe at least a 20% increase for people on ODSP or some other investments in employment supports and other work for these people, I think that there are going to be some questions asked about where our government is placing its priorities.

**The Chair (Mr. Pat Hoy):** Thank you, and the questioning goes to the government.

**Mr. Charles Sousa:** Thank you. It's appropriate, I guess, that you're the last one to speak to us today.

**Ms. Angela Browne:** Oh, am I?

**Mr. Charles Sousa:** In terms of what we do, as members of the finance committee, we look at ways to balance the books appropriately, distribute funding as necessary for our budget consultations and, of course, the majority of times that we speak—we hear about some of the needs of the community. In your case, it's effective in terms of our priority in breaking the cycle of poverty. It's a huge issue, and you certainly highlighted much of it. It's also a matter of importance to try to strengthen our economic and competitive advantage by dealing with those most vulnerable so that they too can be active members of the community and, as you say, stimulate the economy. The best strategy, I would think, and you've highlighted it, would be public education and public health care, increasing our child benefit. It would be nice if we had a federal child care initiative, as was initially put forward—

**Ms. Angela Browne:** That you can claw back?

**Mr. Charles Sousa:** You know, there are a lot of things that you've discussed. We do have an ambitious target, but we have to be realistic. Reaching our budget will also require, as you mentioned, provincial investment, federal investment, and this in turn will support more jobs and economic activity. So the transportation—

**Ms. Angela Browne:** So I hope you'll tell that to—

**Mr. Charles Sousa:** I'll come to a question in a second. The transportation issue and the infrastructure is one point of contention, and I think we need to address it. What would be your second priority?

**Ms. Angela Browne:** For Niagara region itself?

**Mr. Charles Sousa:** Yes.

**Ms. Angela Browne:** The first priority, I guess, would be regional transit because they don't have it. People are suffering for it. It's costing the region a lot more money and it'll eventually cost you more money because you're uploading some of the supports. Also in Niagara region, there have to be more jobs, created jobs. My last job paid me \$85,000 a year. I'm not going to be working as a Wal-Mart greeter, not with the university and college



education I have and not with the professional licences that I hold. There's no way, and I don't see any point in it. If I have a problem where I can't drive—that's the only thing that I can't do—I think that's not my problem. It should be dealt with by the region.

I also think that economic development should be focusing—we need to be moving away from manufacturing, in some ways. I think we're going to the days of the blacksmith, where the blacksmiths are all protesting because they're no longer needed. What are we supposed to do? Keep funding them so that they continue to make things that people no longer want? I think we have to look at retooling our economy and focusing more on the specialized manufacturing firms, some of whom I do represent in a legal capacity. They're doing very well. These are the ones that actually should be getting our

government's focus, because these are the ones of the future, that are going to be creating specialized jobs in the future. But in terms of other jobs, there need to be jobs in social services, finance, education, training institutions, information management, different types of jobs for people who are trained otherwise, because people are not staying in this region. They're leaving. Unfortunately, and sadly enough, that might have to be my choice too, because I can't afford to live here if I have to keep paying \$70 to take one trip to Welland. I think that if everybody had to, there'd be a civil war.

**Mr. Charles Sousa:** Thank you for your presentation.

**The Chair (Mr. Pat Hoy):** And thank you for appearing before the committee.

We are adjourned. The bus will be out front at 3:45.

*The committee adjourned at 1529.*





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## CONTENTS

Monday 15 December 2008

<b>Pre-budget consultations .....</b>	<b>F-641</b>
Niagara Social Assistance Reform Committee Network.....	F-641
Ms. Gracia Janes .....	
Retail Council of Canada .....	F-644
Mr. Gary Rygus .....	
St. Catharines and District Labour Council .....	F-645
Mr. Larry Savage .....	
Campaign for Adequate Welfare and Disability Benefits.....	F-648
Ms. Lynn Aquin; Ms. Ursula Samuels; Ms. Josie D’Amico .....	
Ontario Health Coalition .....	F-651
Ms. Natalie Mehra .....	
Ontario Chamber of Commerce.....	F-653
Mr. Len Crispino .....	
LifeLabs Medical Laboratory Coalition .....	F-656
Mr. Jeff MacDonald .....	
Niagara Health Coalition.....	F-658
Ms. Sue Hotte .....	
Computer Animation Studios of Ontario .....	F-660
Mr. Ron Estey .....	
Beginning Farmers.....	F-662
Mrs. Teresa De Wetering; Mr. Wayne Bartels .....	
Mr. William Campbell; Mrs. Dorothy Campbell.....	F-664
Ontario Association of Children’s Aid Societies.....	F-666
Ms. Jeanette Lewis .....	
Ontario Fruit and Vegetable Growers’ Association .....	F-668
Ms. Brenda Lammens; Mr. Art Smith .....	
Oak Ridges Moraine Foundation.....	F-671
Ms. Kim Gavine .....	
Haldimand Federation of Agriculture .....	F-673
Mr. Wayne Nyomtato; Mr. Frank Sommer .....	
Canadian Union of Public Employees—Ontario Division .....	F-675
Ms. Susan Schmidt .....	
Hamilton Working Group on the Ontario Poverty Reduction Strategy.....	F-678
Mr. Peter Graefe .....	
ABC CANADA Literacy Foundation .....	F-680
Ms. Margaret Eaton; Ms. Gay Douglas Broerse .....	
Ontario Public Service Employees Union .....	F-683
Ms. Patty Rout .....	
Canadian Manufacturers and Exporters .....	F-685
Mr. Ian Howcroft; Mr. Paul Clipsham .....	
Ms. Angela Browne.....	F-688



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F-25

F-25

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## Assemblée législative de l'Ontario

Première session, 39<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 16 December 2008

## Standing Committee on Finance and Economic Affairs

Pre-budget consultations

# Journal des débats (Hansard)

Mardi 16 décembre 2008

## Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

Chair: Pat Hoy  
Clerk: William Short

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Tuesday 16 December 2008

Mardi 16 décembre 2008

*The committee met at 0903 in the Hilton Windsor, Windsor.*

## PRE-BUDGET CONSULTATIONS

WORKFORCE DEVELOPMENT BOARD  
OF WINDSOR-ESSEX

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. We're pleased to be in Windsor this morning.

Our first presentation will be from the Workforce Development Board of Windsor-Essex, if you would come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning from the official opposition for your presentation. I would just ask you to state your name for the purposes of our recording Hansard.

**Ms. Marion Overholt:** Thank you, Mr. Chair. My name is Marion Overholt. It was not my intention to make this presentation today, but I am not seeing the president of our board, so I thought I would proceed. If you see a man come in, wondering what I'm doing here, just direct him up.

I am a staff lawyer with Legal Assistance of Windsor, and a member of the Workforce Development Board of Windsor-Essex.

We are pleased to make this presentation to the standing committee today. The Workforce Development Board of Windsor-Essex is an organization that was created as an independent, community-based board in October 2008, as a result of the significant foundation work by the city of Windsor, county of Essex, Windsor-Essex Development Commission and the province of Ontario's Ministry of Training, Colleges and Universities and Ministry of Economic Development and Trade.

The Workforce Development Board of Windsor-Essex members are community leaders with a strategic outlook on our region as a whole, in addition to ties to key sectors in business, labour, health, social welfare, newcomers and education. The board's mandate is to plan, facilitate and advocate for regional workforce development, as defined by the development, retention and recruitment of a wide range of skilled workers to meet the current and future economic and social development needs of Windsor-Essex. The board wants to identify where the jobs of the future will be coming from and ensure that the Windsor-Essex workforce will meet those demands and

act as a catalyst in attracting new industries and businesses to the region. Well aware of the current economic crisis in our community, the board has set up a team to develop short-term strategies to address immediate needs of displaced workers and the underemployed.

On November 13, 2008, we were pleased to read the assurances from the Minister of Finance that local firms and local employment will benefit dramatically from the border, highway and other provincial infrastructure projects. To make sure the community is ready, we have submitted an application to the labour market partnership program of the Ministry of Training, Colleges and Universities for a study to identify exactly what jobs will be created as a result of these developments and what the training needs are for the expansion. We anticipate the results will provide the hard evidence needed to MTCU to direct the much-needed training dollars to ensure that the Windsor-Essex workforce is ready and able to go to work the minute the infrastructure projects are announced.

The board is also taking a lead as the labour market planning committee for an integrated local market planning pilot project sponsored by the Ministry of Training, Colleges and Universities. This pilot project aims to create an evidence-based three- to five-year rolling workforce development plan based on express community needs and will be developed in consultation with a team of program funders, including all three levels of government.

Our board knows that three to five years sounds like a long way off for workers and families in our community who are underemployed, unemployed or facing unemployment. We urge the standing committee to take all necessary steps to bring the resources of the government and the people of Ontario to bear to ensure that the manufacturing sector, and more specifically the auto industry, survives and thrives in Ontario.

Our board will be working with the provincial government every step of the way to ensure that what we can give to Windsor-Essex's workers is a reason to hope for a brighter future. In the written submission that has gone in to the standing committee, there is a list of the members of our board and our resource persons—and our president has now joined us.

Thank you.

**The Chair (Mr. Pat Hoy):** That concludes your presentation?

**Ms. Marion Overholt:** Yes.

**The Chair (Mr. Pat Hoy):** Very good. The questioning will go to the official opposition. Mr. Hudak.

**Mr. Tim Hudak:** Ms. Overholt and Mr. Panicia, welcome to the standing committee. Thanks for taking the time to join us here in Windsor.

Sadly, Windsor has, if not the highest, among the highest unemployment rates not only in Ontario but all of Canada. We're all very concerned about the auto sector. You're also hit because the hospitality industry has been very negatively impacted by border issues, a reduction in disposable income, etc.

Let me start with the first topic first. Is there, in your experience, any advice that you have for this committee on the auto sector and then helping those who have lost positions move on to other well-paying positions if possible?

**Ms. Marion Overholt:** Well, I think we're very pleased with the announcement from the provincial government that there is going to be a plan for auto. In the presentations that were made yesterday to the Minister of Finance, there was a very strong presentation from the parts sector saying that they also need assistance because so many of their payments in the industry are very long delayed, and they will be in a situation where they're funding the manufacture of a part and don't get paid for up to two years.

In terms of employment and training initiatives, you saw a very concerted plan last year by the Ministry of Training, Colleges and Universities to address retraining and employment opportunities. What we are proposing: Through this pilot project that we're doing with the development board, we intend to document exactly what will be the jobs that are created over the gateway project for the 401 going into the United States so we can determine what those jobs are going to be, because we're very concerned with getting our workers retrained and back to work. So I think that in the budget, jobs training really has to be a primary focus.

**Mr. Tim Hudak:** Is there a particular role that you see the province playing in the retraining, programs that you think are working or should be improved? Who should be the delivery agent for those types of programs?  
0910

**Ms. Marion Overholt:** I think when you look at what's being proposed by Employment Ontario, there's quite a bit of restructuring going on now. What they have found in the past is that since that program was taken over by the federal government, there has been very limited access to it, and I think Employment Ontario is trying to broaden the access.

We've had some experience in our workforce adjustment committee, which I chair for Ford and Local 200, through the Second Career program, and we've been identifying some of the gaps in the program for the ministry so that there's going to be greater pickup by unemployed workers and it's going to be of greater assistance to them.

We really want to see an integration of training opportunities, recognizing that people who are unemployed

need to have income support during that time. We would encourage the provincial government to lobby the federal government to really look at that employment insurance program, because that is supposed to be the safety net for laid-off workers, and its availability, the amount of money that you receive, has been greatly constricted. When someone is unable to access that program or it doesn't look after their needs and they end up on social assistance, and to qualify for social assistance they then end up being stripped of their assets and income, we move that person farther away from employment opportunity and re-engagement. So I think the province of Ontario has to be a very vigorous advocate for unemployed workers with the federal government to really revamp that employment insurance program.

**Mr. Tim Hudak:** I'm from the Niagara area, and our cross-border traffic has declined precipitously. I think same-day trips, for example, are at about the 1970s level, sadly. I expect the experience is similar here in Windsor. Do you have advice to the committee in terms of how to address some of the border issues and their impact on the hospitality sector?

**Mr. Tony Panicia:** I had difficulty finding this room this morning, so excuse me.

We have on our committee a cross-section of leading citizens within our region, including the hospitality sector, and the focus is really on what our committee can control with respect to improving the hospitality sector. We've identified it as one of the key industry segments in Windsor—and is it going to be a significant part of our community planning with respect to workforce development?

Specifically, short term, we've identified two areas in particular, and one is, how do we prepare our current workforce to deal with the influx of jobs that hopefully will happen when the roadway and the new bridges come to fruition? As part of that, with greater access and flexibility of people crossing the border, we also need to ensure that we have people trained to service our hospitality industry. There has been a shortage in various sectors, even with the most recent expansion that we've experienced with Casino Windsor, in attracting top-notch, good people. A lot of the people are coming in from out of town.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation before the committee.

## GRANT CHURCH

**The Chair (Mr. Pat Hoy):** Now I call on Grant Church to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning coming from the NDP in this rotation. I would just ask you to state your name for the purposes of our recording Hansard.

**Mr. Grant Church:** My name is Grant Church. I'm the father of four wonderful children. I live in Cayuga, and I work in a factory in Dundas.

Mr. Chairman and members of the committee, Ontario has the second-highest-priced industrial power in the



country—88% higher than Quebec; 2.5 times higher than Manitoba. These spreads have increased from last year, and the McGuinty plan will increase our power bills 46%.

The Electricity Act says that the Ontario Energy Board “shall review each integrated power system plan submitted by the OPA to ensure it complies with any directions issued by the minister and is economically prudent and cost-effective.”

There is no notwithstanding clause. If it fails on one point, it fails.

What does “economically prudent” mean? The Concise Oxford Dictionary defines “prudent” as “careful to avoid undesired consequences”; “economically prudent” means “careful to avoid undesired economic consequences.”

The OPA knew that they couldn’t make the IPSP economically prudent, so they came up with a bogus definition of their own.

I attended the Ontario Energy Board hearings in September. The OPA was asked to define “conservation” and “demand management.” It was left for the following day to give the OPA lawyer time to respond. The following morning, he gave his answer. He quoted the Oxford dictionary—strange how they use it when it suits them.

Also, it was revealed that the OPA didn’t do any economic impact analysis of the IPSP. I could do one in a hurry. If the price of power is double what it is elsewhere, you’re out of business. There is no way that a 46% increase is economically prudent.

In an OPA teleconference, I pressed the executives with these numbers and asked them if the plan was economically prudent. They refused to answer.

In a recent news release, the government said, “Ontario’s long-term energy strategy is getting a fine tuning as a key part of the McGuinty government’s drive to ‘green’ the province and keep it economically competitive and prosperous.” Economically competitive and prosperous? Ontario is in a recession, and the government is running a deficit. We are now officially a have-not province. Some 66,000 jobs were lost in November, the worst loss in 26 years. If you proceed to replace coal with natural gas as you have planned, it will be the ruin of our fragile economy.

Why are you ending the regulated price plan for municipalities, universities, schools and hospitals? How are they supposed to shift consumption or bear the extra costs? Do you enjoy inflicting misery?

Many families and businesses have no way of shifting or cutting their consumption, yet you are forcing everybody to use smart meters, an endeavour that will cost \$1 billion, adding yet another line to our hydro bills. The sick and the elderly who need air conditioning will be forced to pay much more to help you meet your conservation targets.

Your energy plan is a corrupt political agenda.

Consider these quotes from Howard Hampton.

On December 5, 2007, Howard Hampton said, “As paper mills have shut down in northern Ontario, paper

mill after paper mill has transferred production and jobs to Quebec. When Abitibi made the decision to close the paper mill in Kenora and put over 400 people out of work, they announced that production would be moving to a mill in Quebec. When Cascades shut down their paper mill in Thunder Bay and put 400 people out of work, they announced that production would be moving to Quebec and the jobs would be moving to Quebec. When Abitibi closed their Abitibi Mission mill in Thunder Bay, they announced that production and jobs would be moving to Quebec. When Inco made the decision a year and a half ago to shut down the copper refinery in Sudbury, when you asked—you didn’t have to dig very deep before they simply said, ‘Look, it’s cheaper for us to send our copper to a smelter in Montreal and have it processed there than it is to reinvest in the smelter in Sudbury and pay much higher electricity rates.’ That is going to continue to happen. We’re now starting to see it in the auto parts sector. Any auto parts that are involved in casting, stamping or plastics moulding are looking at moving production out of Ontario....”

I work in a stamping plant. A casting plant next door closed down just over a year ago.

**0920**

The Premier has been asking the federal government for help for the auto industry. Why didn’t he listen to Howard Hampton? This is what he said in Hansard on June 11 of this year: “About four weeks ago, we met with the auto manufacturers of Ontario. One of the points they made to us, something that is within provincial control, is the escalating cost of industrial hydroelectricity for manufacturers in Ontario.” What do you suppose a 46% increase in their power bills is going to do?

Why don’t we go out to every business and every home and tell them the real cost of the government’s energy plan? By authorizing the closing of our coal plants, you have signed the economic death warrant of this province, and that warrant has been executed, as countless factories and plants close and move. Ontario, once a place to stand, a place to grow, has become a place to run from.

What should we do? Keep the coal plants open and clean them up. The object of the government’s energy plan should be to level the power-price playing field. We have up to 500 megawatts of stranded power in northern Ontario, with a further 450 megawatts to come from the Mattagami River: clean, affordable hydroelectric power. You should have been building new transmission lines to access it.

Despite all the hyperbole about conservation and renewables, the real plan is to make electricity with natural gas, with an increase of 7,000 megawatts in gas-fired capacity. We pay four times as much as we used to for natural gas because of gas-fired power plants. Building more will make gas and electricity more expensive. In 1999, the National Petroleum Council in the US said there was lots of natural gas and it would be cheap well into the future. American utilities believed it and built over 200,000 megawatts of gas-fired capacity,

50 times that of Nanticoke. Now we're stuck paying through the nose for natural gas because it's in tight supply.

I brought many of these concerns to the finance committee in January. I finished my presentation by asking you, "Will you take the course of action suggested by people like Stéphane Dion and keep our coal plants open, or will it be another day, another plant closing?" You chose another plant closing, and that's exactly what you got.

As for nuclear, we don't need any more nuclear capacity and we can't afford to build it. The market price of electricity has been negative at least 17 hours this year, including a continuous stretch of eight hours. Demand was so low in July that Bruce Power had to throttle back two of the reactors for a few hours. There's more than enough power, to the point where we are now a major exporter.

The province has a hydro debt of \$31.6 billion, much of it borrowed to build the current nuclear fleet. A new 2,200-megawatt plant would cost \$15.4 billion. If paid over 15 years, it would cost nine cents per kilowatt hour just to pay the mortgage. Why buy something we don't need and can't afford? To do so is a recipe for economic ruin.

I'd be happy to answer any questions.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation. The questions will come from the NDP's Mr. Prue.

**Mr. Michael Prue:** I have a couple of questions.

You are advocating keeping the coal plants open. I think the major problem with coal has been the release of carbon dioxide. Do you have any information on sequestering that carbon dioxide? I know it can be used. I've been out to Saskatchewan; they pump the carbon dioxide into the depleted oil fields, which forces the oil to the top and we get oil—well, we wouldn't have got it. There must be other uses for it. Do you have any information on how to sequester it so it doesn't harm the environment? Because if you do, that's obviously the way to go.

**Mr. Grant Church:** First of all, the rest of the world is going to burn coal and oil and natural gas regardless of what we do. If we don't burn it, China will, and they will take the jobs—and they are.

There are many technologies developing. The rest of the world is out to win this global warming battle, and the technologies are many. Countries like Germany are building more coal plants. One of the ways is to boost thermal efficiency. The newest coal plant in Germany has 43% thermal efficiency compared to, let's say, Ontario plants at around 36%. The more efficient you make it, the less of it you burn.

A plant in North Dakota was testing out a new system to dry lignite coal—because lignite coal can have up to 40% water. They dry it out with the surplus heat from the coal plant. So they burn drier coal, therefore less coal. If every plant in the United States that burns lignite coal used this simple, basic system, it would reduce CO<sub>2</sub> emissions in the States by over 60 million tonnes. A lot

of it is block-and-tackle type of technology—a little bit here, a little bit there.

Other types—algae, strangely enough. It has been known for some years that algae can be used as a biological way of absorbing CO<sub>2</sub> and now they've found they can turn algae into ethanol, diesel fuel and cattle feed. It is being tested in a plant—I believe it's in either New Mexico or Arizona. At the lab level, they knew how well it worked. They went to a greenhouse that was as long as a football field; it worked even better.

It is not a technological problem, and there are commercially available systems to remove CO<sub>2</sub> from a flue stream. It's just the question of what you do with it after you've removed it. Of course, in Saskatchewan, as you said, they are pumping it in the ground and it has the co-benefit of getting more oil out of the ground.

**Mr. Michael Prue:** You also talked, and have a chart on the back, about nuclear. Some people call it nuclear madness in terms of, if anything, just the price. You have a cost and production—where did you get this from?

**Mr. Grant Church:** The Toronto Star, and that is a major source of information that I find. An excellent writer there, Tyler Hamilton, had an article with a quote from Moody's Investors Service, saying that it would cost about \$7,000 per installed kilowatt. So I looked at financing it over 15 years, and 20 years as well, at a 6% finance rate, 90% capacity factor from nuclear, and then made the calculation that it would cost nine cents per kilowatt hour for the mortgage and that a plant of that size would cost \$15.4 billion.

The experience on nuclear is it always costs more than what they say. AREVA, one of the companies bidding on the Ontario nuclear plant, is building a new plant in Finland. I believe it's two years behind schedule and \$2 billion over budget. I'm not personally against nuclear, but there is the issue that we don't need it and we can't afford it.

**Mr. Michael Prue:** I share that. I hear people talk about what you do with the waste, and I realize all that's important, but the primary impediment for me is the cost overruns, the stranded debt that we're paying for today.

I want to go back to coal again—or perhaps not to coal. They are experimenting in northern Ontario at the Atikokan coal facility, using biomass—waste wood products—which might be more environmentally friendly because it's simply returning the carbon dioxide that the tree took in in the first place and returning it to the atmosphere. It should be carbon neutral. It has some promising results. Do you think we should be going to biomass both in terms of wood products, and in southern Ontario from leftover, non-edible agricultural products?

**Mr. Grant Church:** Yes, it's promising. To get the volume of biomass to replace coal, let's say, and natural gas, I just don't think it's there. But it can be used and it can help; like I said, a little bit here, a little bit there.

An issue that people maybe don't understand: If you burn biomass, you get pollution. You have to put emission controls on to burn biomass. You'll get mercury. When forests go up in a big fire, you get the release of



mercury. It is at a lesser rate than coal, but it's still mercury. You get nitrous oxide. I used to have a wood stove. I know what the pollution is like; it's awful. It's something that has to be addressed. And again, it's still the bottom line: What does it cost? We're in a situation where we're 88% higher than Quebec. I tell you, it's a lot higher than a lot of American jurisdictions.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation.

**Mr. Grant Church:** Thank you so much.

0930

## GREATER KITCHENER WATERLOO CHAMBER OF COMMERCE

**The Chair (Mr. Pat Hoy):** Now I call on the Greater Kitchener Waterloo Chamber of Commerce to come forward, please. Good morning. You have 10 minutes for your presentation. The questioning will come from the government for up to five minutes. I'd just ask you to identify yourself for our Hansard.

**Mr. Art Sinclair:** Good morning, Mr. Chair and members of the committee. My name is Art Sinclair and I'm vice-president of the Greater Kitchener Waterloo Chamber of Commerce, in Kitchener, Ontario.

First of all, on behalf of the 1,900 members of the Greater Kitchener Waterloo Chamber of Commerce, we'd like to thank the committee for the invitation today to Essex county to speak on some provincial issues that are of significant importance to our membership.

I notice, in fact, there is significantly less snow here in Essex county than there was in Waterloo region when I left. Of course, we are still trying to determine in Waterloo region who is responsible for the weather, and whether that's a provincial or a federal responsibility. So, hopefully, we can get some clarification on that.

Moving forward, there have been a number of good-news initiatives that I'd like to discuss at the beginning of the presentation. First of all, when I appeared before this committee a year ago in Guelph, Ontario, one of our key recommendations was a provincial investment in the expansion of Conestoga College. Subsequent to that presentation, on August 19 of this year, Premier McGuinty did arrive at Conestoga College, and I know Mr. Arnott was there and Ms. Pendergast was there as well. Premier McGuinty did present a cheque for \$21 million to Conestoga for the expansion of the college. This was a very significant announcement for the employers across Waterloo region. As employers, we have put a very strong emphasis on skills development and workforce training as a critical priority in the public policy arena.

There have been a number of reports—probably many of you have seen them—from the Conference Board of Canada and some other organizations, economic forecasters that have predicted some major skills and workforce shortages across Canada and across Ontario over the next two decades. As a business organization, our position is in fact to meet those future workforce demands.

It is critical that we have the educational capacity and training facilities in Kitchener–Waterloo and across Waterloo region to prepare the workers for the new economy of the future, whether it be in the construction trades, whether it be in health care, whether it be in manufacturing. Obviously, the skill sets for those professions are going to be pretty significant and substantial over the next number of years. We feel that if students, whether they be in high school or whether they be mature students looking to return to the workplace, can look at our community and see exceptional educational institutions plus high-quality employers where they can make the transition into the workforce and use their skills productively—I think that would be attractive to a number of students. That is certainly, I think, an enviable position to be in, and we are quite grateful for the support that Conestoga College received from the provincial government this past year.

Secondly, another related initiative to the expansion of Conestoga College which the employers across Waterloo region are very supportive of is the Second Career strategy. We have had some significant layoffs and downsizing in manufacturing and some other sectors, as all communities have over the last number of years. We see Second Career as being a critical component in allowing a lot of those workers to make the transition into new careers.

Again, some laid-off manufacturing workers will be making a transition into other occupations if they choose. However, what we have also heard in the Greater Kitchener Waterloo Chamber of Commerce from a number of our manufacturing members is that they see an opportunity here for allowing a number of their workers in manufacturing to make a transition into high-skilled manufacturing positions. Say, for example, someone has been working in a lower-skilled profession, such as a grinder or a polisher, for five or six years. If they're laid off and they qualify for the Second Career strategy, they may be eligible to take a course at Conestoga College in something like tool-and-die or another advanced manufacturing program. Certainly, that's a win-win situation. The manufacturer, or the employer, receives employees who have some type of a background in manufacturing, and the employee who wants to continue in the manufacturing sector has that opportunity to secure the training for the jobs of the future. We think that's also a very good initiative and something that we highly support.

Again, those are the two critical components or the two critical achievements, I think, that we're quite grateful for in Waterloo region, as employers and as businesses, that the province has provided over the last year.

Moving on to initiatives of this year, last week, on December 11, our chamber issued a media release to the local media in Waterloo region. In that media release, we supported government assistance to the auto industry. Our position was essentially based on a previous release that was issued by the Ontario Mayors for Automotive Investment, which some of you may be familiar with. That's a collection of mayors across southern Ontario in

communities that are dependent on the automotive and manufacturing sectors, as we are, very much so, in Waterloo region. In fact, in Waterloo region right now, we have 25% of the labour force employed in the manufacturing sector, and that is now the highest percentage of any community across Canada. There are approximately 60,000 workers in manufacturing, and within those 60,000 manufacturing workers, approximately one quarter, or 15,000, are in the automotive sector. As I believe the Ontario Mayors for Automotive Investment have noted, every one automotive job has seven dependent jobs, so again, any further closures, downsizing or layoffs are going to have a significant effect on our community and on all of Ontario. As the mayors have noted, the impacts on the municipal tax base are going to be pretty significant. If you take out those manufacturers who pay taxes and support services in the communities, plus the cost of laid-off workers going on assistance and other related costs, they are significant.

From our position as a chamber of commerce, we said that at this point in time, government inaction is not an option, so we very much support some type of program, whether it be repayable loans, lines of credit or associated mechanisms, to support the auto industry. Again, we are very much supportive. There was an announcement made on Friday, and I guess there are probably going to be a lot of details to be worked out in the future, but we are very much supportive of the direction that it appears the federal and provincial governments are taking on this very critical issue for businesses across Waterloo region.

One other issue that I'd just like to touch on briefly is health care. Our chamber of commerce has been extensively involved in physician recruitment in our community now for a number of years. My colleague Mary Sue Fitzpatrick is essentially a physician recruiter for Kitchener-Waterloo.

There is a chronic issue that we've been dealing with within our community, and that is the provincial underserved area program. We are in the unusual situation in Kitchener-Waterloo where we had the designation, lost it, got it back and lost it within about a five-year period. Essentially, the issue appears to be that we have a significant student population in Kitchener-Waterloo which is not recognized by the Ministry of Health and Long-Term Care when they are doing their physician-to-population calculations. Therefore, if you exclude the students from the calculations, we're at about the proper ratio, which would not qualify us as underserved. However, we've always taken the position that students require medical care; therefore, we have a doctor shortage in Kitchener-Waterloo.

We would like to call on the government to review the underserved area program to provide some level of fairness in the way that the calculations are made, because right now we're at a significant disadvantage against communities that have an underserved area designation. They can offer provincial incentives to recruit doctors; we cannot.

Related to the underserved area program and physician recruitment is also the issue of hospital funding. We have a situation now where two hospitals in the community, St. Mary's in Kitchener and Cambridge Memorial in Cambridge, have recently announced staff cutbacks and the closure of some facilities in order to deflate anticipated budgets. The Waterloo Wellington Local Health Integration Network, which we fall under the geographic authority of, receives one of the lowest per-resident hospital funding levels in southern Ontario. Of about 11, I think we're about the fourth lowest. We receive approximately \$727 per resident, while the provincial average is about \$1,000 per resident. Again, we would like to see some type of population needs-based formula in determining allocations for hospitals across Ontario to provide some form of equity to high-growth areas. I know there are probably a number of you who represent some of those high-growth areas, and I think you're probably aware of this situation quite explicitly. We would like to add our voice to that particular debate. There have been a number of stakeholders, I believe, who have brought this forward for consideration.

I think the minister is aware of the issue quite clearly. In fact, Minister Caplan was quoted in a recent Waterloo region Record article in response to a question from Anne Kelly, who is the health care reporter for the Record, and Minister Caplan noted that, yes, there is a significant concern and that in fact the ministry is in the process of addressing that. So I certainly extend our support on that particular portfolio.

**0940**

**The Chair (Mr. Pat Hoy):** You have about a minute left.

**Mr. Art Sinclair:** I am done. Thank you very much, Chair.

**The Chair (Mr. Pat Hoy):** I didn't mean to cut you off. You have a minute left, just to let you know.

The questioning will come from the government side, Ms. Pendergast.

**Ms. Leeanna Pendergast:** Thank you, Mr. Sinclair, for your presentation—or, as my colleague Mr. Hudak would say, your pre-sentation. You pronounce it presentation.

**Mr. Tim Hudak:** I do?

**Ms. Leeanna Pendergast:** You do.

I also wanted, in Hansard, to thank Art Sinclair for his tireless efforts on behalf of the Greater Kitchener Waterloo Chamber of Commerce and everything that his efforts do to translate into benefits for our community in Kitchener-Waterloo.

I did want to talk about the conundrum which continues between reducing taxes or investing in infrastructure. I think your comments on Conestoga College—and since that's in my riding of Kitchener-Conestoga, I thank you for that, and for your comments about the press release by the chamber last Thursday that you are very much supportive of the \$21-million investment on behalf of the Ontario government.

There were two areas that I was hoping you could comment on specifically. One is the comment on the



other recommendations or perspective on the high-growth areas. In your conclusion you do mention that Waterloo region makes a strong contribution to Ontario's economy, and growth in its economic performance over the past decade has led the nation and it's now one of the most pre-eminent technology centres in Canada. Do you have any other comments on the importance of supporting high-growth areas such as Waterloo region? Secondly, any comments on the red tape paper burden for businesses? We've heard over the past several days comments on red tape paper burdens and some suggestions on the best way to possibly ease that burden. Some things we've heard are harmonization of ministries or a one-window-of-government type of approach. Do you have any thoughts or comments on that?

**Mr. Art Sinclair:** Sure. Thank you very much for the questions. With respect to your question about high-growth areas, right now the critical one is in hospitals; however, there have been a number of organizations. One is the Stronger Communities Coalition and then there's another coalition of hospitals. What they've looked at is not just hospitals but social services as well. In fact, there appears to be this gap between high-growth areas and the provincial average as a whole.

Right now our critical concern is with respect to hospital funding, because again, as I mentioned, we've been quite involved in the physician recruitment portfolio now for a number of years. That is based upon primarily the feedback that we receive from our members. Our members tell us that when employees come to interview with companies in Waterloo region, even before the inevitable questions about salaries and benefits, they want to know about health care facilities. For example, in the high-tech sector a lot of the potential employees who are interviewing with Research In Motion and the larger tech companies in our area have a pretty good idea of what the salaries are if they go to Ottawa, if they go somewhere else in the world. What they want to know is, what are the community supports? Because a lot of them have young families and they're very concerned and interested in the health care infrastructure within the community. So again, our initial concern was physician recruitment; however, within the portfolio of physician recruitment we found that the first thing that doctors who come to the community want to know is, what are the facilities available at the hospital, what type of human resource complements do we have at the hospital, are there a sufficient number of nurses that support their work? And that goes right through to personal support workers. It's a circle; everything is interconnected. So again we'd like to strongly emphasize the importance of the health care portfolio as an economic development indicator.

The second question was—

**Ms. Leeanna Pendergast:** Red tape.

**Mr. Art Sinclair:** No major concerns at this point in time. We've identified our critical priorities. Can government make business easier? Yeah. Nothing specific at this point in time that I'm aware of that our members

have brought forward to our attention. One issue that comes up frequently is GST/PST harmonization. However, as a large business organization that cuts across many sectors, we certainly would have a very difficult time formulating a position on this. For example, I think you had a presentation from the Ontario Home Builders' Association. They are very strongly supportive of PST-GST harmonization. We have a number of members—

*Interjection.*

**Mr. Art Sinclair:** No, they're against it; sorry. The home builders are against it. There are a number of other sectors that are for it. As a large organization such as ours, it's difficult to get a consensus on that, so really, on those types of issues, we just left them to sector-based organizations, community-based organizations such as ours.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Art Sinclair:** Thank you.

#### LEGAL ASSISTANCE OF WINDSOR

**The Chair (Mr. Pat Hoy):** Now I would ask Legal Assistance of Windsor to come forward, please. I think you know how this goes: 10 minutes, and five minutes of questioning will come from the official opposition in this rotation. So just state your name and you can begin.

**Ms. Marion Overholt:** Thank you, Mr. Hoy. My name is Marion Overholt. I'm a staff lawyer with Legal Assistance of Windsor. Our clinic has served low-income residents of Windsor and Essex county for the last 34 years. We've had the privilege of appearing before this standing committee in 2002, 2004 and 2007, and again, we would like to speak of the issue of poverty reduction. We are hopeful that at this point in time the Ontario Legislature will be able to move forward with a comprehensive strategic plan for poverty reduction.

I need to tell you that yesterday the Minister of Finance was in Windsor seeking community consultations on what to do with the budget. Three years ago, when he attended in Windsor, there was only one presentation on poverty. This year, nearly 50% of the participants spoke about the need to alleviate poverty. So if this community's experience is indicative of communities across the province, the time for a united action plan on poverty reduction has arrived.

As you may be aware, Windsor and Essex county has the highest unemployment rate in the province and one of the highest unemployment rates in Canada. The region is experiencing an economic downturn, especially in the automotive industry, which has resulted in an adverse effect on employees in feeder plants, seasonal operations, small businesses and those already receiving social assistance. Recent layoffs in the automotive industry, which provides employment for 30% of the workforce in Windsor and Essex county, will produce further economic instability.

Over 18,000 jobs have been lost in the last five years. The impact of these plant closures and layoffs is reflected

in an increase of 25% in the personal bankruptcies from January to May 2007. The unemployment rate for the first quarter of 2008 was the highest in the province at 9.7%, and it has again increased.

In Windsor and Essex county, 16.1% of children under the age of 18 live in poverty, which is approximately 16,000 children. Poverty increases a child's risk of lower-functioning vision, hearing, speech, mobility, dexterity and cognition.

Although the rental market vacancy rate is estimated at 14%, over 2,300 individuals are waiting for affordable housing. In 2006, over 2,000 people were provided temporary shelter; 215 of those were children. Homelessness increases families' exposure to stress, instability and illness.

In 2004, over 162,000 people needed food bank assistance. Many families required food bank assistance more than once. Food recipients are disclosing fair to poor health at a rate that is approximately 31% higher than the general population.

In Windsor and Essex county, over 32,000 individuals between the ages of 24 and 64 have no high school certificate or equivalent.

The Cost of Poverty report noted that, "Canadians who look at poverty through the eyes of those it afflicts know the poor bear huge costs from having to live with deprivation and the stresses it imposes. Together with the strains they create within families, these direct costs of poverty—hunger and inadequate nutrition, inferior housing, alienation from mainstream society and scant opportunity for a better life—take a heavy toll on the health of the poor, their self-esteem and the ability of their children to learn and thrive in school. These forces, in turn, can create a vicious intergenerational cycle in which poverty feeds on itself."

0950

For your committee today, I would suggest there are three issues that need to be addressed in the budget. First of all is an increase in the rates of social assistance. Whether you do that as a rate increase, a housing supplement, a rent supplement or food supplement, whatever means you choose, the point is to put money in the hands of the poor, who will immediately spend it in our communities. The National Council of Welfare reports that in spite of rate increases, we are still woefully below the low-income cut-offs. The report noted that in both Newfoundland and Labrador, improvements came as a result of a poverty reduction plan. We need that kind of intervention here.

The second area I would bring to your attention is the question of infrastructure spending. I've read some of the presentations that were made to this committee, and there seemed to be a discussion about whether infrastructure would indeed be helpful because of the time lag in getting big projects to fruition. Infrastructure spending can be in a variety of ways. One area that I would bring to your attention to is looking at the need to upgrade the social housing stock. I know in Windsor and Essex county, and I'm sure it's the case across the province,

that because of financial constraints, that stock has fallen into disrepair. We do have units in Windsor and Essex county that cannot be lived in because of the state of repair. Addressing that need to upgrade that housing would provide jobs and increase the amount of affordable housing.

We're encouraged to see in the announcement from the federal government that they are considering a possible infusion of funds into social housing infrastructure, and we see that as an opportunity for the province to combine actions to help address the lack of affordable housing. In our market, although we do have over 14% vacancy, the combination of heating costs and rents still make those units in the private market outside the price range of people on welfare assistance.

The last area that I would direct your attention to is the issue of jobs, training and education. As I mentioned before, we stripped the unemployed of their assets and marginal income in order to qualify for welfare, then we punish them when they fail to transition successfully back to employment. It makes a lot more sense to keep people in school, upgrading skills, than collecting useless data on fruitless job searches.

It's time to stop recycling our welfare recipients through inflexible, inappropriate job search requirements and subjecting them to three and six months of suspension of benefits, which only produces evictions, loss of homes and furnishings; then they require emergency shelter use and, lastly, they are restored to benefits. The loss of confidence, the increase in anxiety and sometimes a lapse into addiction which accompanies this manufactured crisis toss these individuals even farther from the mainstream of community.

The Canadian Chamber of Commerce estimated that in 2010, only 6% of the jobs will require less than a high school certificate. So unless we address those educational needs of adult learners, we are not going to effectively re-employ our labour force. As stated in the National Council of Welfare report, we as a society have to seriously examine the costs of providing too little, so that the possibility of being hired or being productive in any large sense moves rapidly out of reach.

This budget will be a pivotal time in our social cohesiveness. This community knows better than most that most of us are a paycheque away from social assistance. As a province, we urge you to speak with one voice to call on the federal government to revamp our employment insurance, to increase eligibility rates, the income rates and terms of benefits for that program.

Our municipalities in the city of Windsor and county of Essex don't agree about many things; however, both the county and city council have endorsed the Pathway to Potential report, which is a comprehensive, community-based strategy to reduce poverty in Windsor and Essex county. The poverty plan proposed by Windsor and Essex county recognizes that all levels of government have a responsibility to contribute in the reduction of the poverty, and thus increase the quality of life. There is strong public support for government action on poverty



reduction. A recent poll from September and October shows that 81% of Ontarians support strong government action to assist and support low-income people, particularly during a recession.

When I started at Legal Assistance of Windsor in 1988, Ontario was a role model for other provinces in social development and support for low-income citizens. We are a teaching clinic and we have law students and social work students who participate in our programs. Over the years we've had to extend our orientation program to help the students adjust to the abject need they encounter from our clients. We have to teach them that when we have done our very best advocacy with welfare, the income that a person will receive is woefully inadequate and will not meet their basic needs.

It is time to take concerted action to improve the economic well-being of our citizens and our communities, and there has never a better time to enact poverty reduction legislation. Thank you.

**The Chair (Mr. Pat Hoy):** And thank you for the submission. The questioning will go to the official opposition. Mr. Hudak.

**Mr. Tim Hudak:** Thank you, Chair, and thank you very much, Ms. Overholt, for your second presentation today. I always enjoy it when you present to the committee, and it's good that you were present for the 9 o'clock session.

You covered a lot of issues—a very comprehensive presentation—and we thank you for it. The issue with respect to housing: You mentioned that Windsor's vacancy rate is 11%.

**Ms. Marion Overholt:** It's 14%.

**Mr. Tim Hudak:** Sorry, 14%; even higher. But despite that, you suggest that there should be investments in social housing because the costs are out of reach for many people. Is there a better solution in terms of helping low-income individuals afford rents in the private sector rather than putting new resources into more housing when you have that kind of vacancy rate?

**Ms. Marion Overholt:** Right. I think what you need to do as a province is have some flexibility in your housing proposals, because some communities have a real shortage of rental housing. I think what you can do is, for places like Windsor, offer rent supplement programs so that you have a reduction in the rent, which becomes affordable. You need to also recognize that if we're not addressing those utility costs, they're going to eat up a large part of that social assistance budget. So, in terms of housing, you need to look at a multitude of remedies because each community is different.

The biggest difficulty with rent supplements is that they tend to be impermanent, and we had that experience back in 1990 with the federal government. They had a rent supplement program and then it got cancelled. Then the rents just were no longer subsidized and people couldn't afford the rental accommodation they were in.

When you hear advocates talk about affordable housing, there is a heavy emphasis on building social housing because it's permanent and it's always going to be available. Certainly within our community, because of the

large vacancy rate, a supplement would make more units immediately available while you're addressing the long-term social housing needs.

**Mr. Tim Hudak:** There is a always a concern, I know, in my community, and I suspect in Windsor as well, that if families are in social housing areas, the children could be stigmatized because they come from certain areas. A better solution may be to allow parents to shop around for housing, provided they can afford it.

The Federation of Rental housing Providers of Ontario, FRPO, made a presentation to this committee just last week that talked about a portable supplement. It wouldn't necessarily be based on social assistance; it would be based on their income level. I'm not sure if you're familiar with that. I guess they have it in Quebec and other jurisdictions. Do you have any point of view on that suggestion?

**Ms. Marion Overholt:** Yes. Sometimes, when we talk about poverty in Ontario, we think of people being on social assistance, and there is an absolute need to recognize that we have the working poor as well who need that kind of assistance, whether it's a supplement or even what's happened with the federal government in terms of the working tax benefit to allow more income to become available so that they're able to provide for their families.

I was looking at the report from the provincial-municipal review. I know housing has been kind of left out of the discussion. I'm very hopeful that within the next year we'll see a comprehensive consultation strategy come out from the provincial government that will look at this area, because it has really been an area that has been downloaded to the municipalities and quite neglected by the federal government, and our communities have paid the price.

**The Chair (Mr. Pat Hoy):** Mr. Arnott.

**Mr. Ted Arnott:** I'm going to thank you for your presentation, and we do appreciate your advice and your suggestions today. We're glad to be here in Windsor, although our caucus believes that these hearings could have commenced on January 5, which would have had us here on January 6, and perhaps we'd have a few more presentations from people who live in Windsor instead of adjourning today at about 11:15, unfortunately.

**1000**

You did make some excellent points that I want to reference, particularly the idea you talked about with respect to infrastructure. Like you, I believe that in this time of economic challenge, government needs to prioritize and expedite significant infrastructure investments that will make us more competitive over the long term. Here in Windsor, I think of the bridge, the tunnel idea that we heard about this morning. What are the main obstacles, as far as you know, to moving those projects forward more quickly, and how would moving them forward more quickly benefit the people you're advocating for today?

**Ms. Marion Overholt:** As I said earlier when I was here with the Workforce Development Board, we know that jobs are going to be produced by that project. There

have been suggestions that it will produce between 12,000 and 25,000 jobs. There was a presentation yesterday from the construction industry saying that we need to quantify what those jobs are, whether we have the people in Ontario with the skills, and what opportunities we have for upgrading the skills of people who are unemployed. So when I look at the work of our workforce development commission, I think that is going to be a major project for us. It's an opportunity. A lot of the skills of the workers who were laid off in the automotive industry are transferable. If we put them in an upgrading program, they're going to be able to qualify for those positions. We did a block purchase of heavy construction equipment for a number of our workers, so they're now able to operate that equipment, and many of them have found jobs.

I think, when we look at that massive project going forward, there have been discussions both within the city of Windsor and the county about which proposal is going to best meet the needs of Windsor and Essex county. It's very much a hot topic in Windsor and Essex county. For my clients who are currently on social assistance, they can go around and around to the same places looking for jobs that aren't available. They really need that training so that they can access the jobs that are coming with that project.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### DIETITIANS OF CANADA

**The Chair (Mr. Pat Hoy):** Now I would call on the Dietitians of Canada to come forward, please. Good morning. You have 10 minutes for your presentation. The NDP has up to five minutes of time to question. I would just ask you to state your name for the purposes of our recording Hansard.

**Ms. Leslie Whittington-Carter:** My name is Leslie Whittington-Carter. I'm the Ontario government relations coordinator for Dietitians of Canada. We're the professional association that represents registered dietitians across the country. We have about 2,500 members here in Ontario. We will be submitting a comprehensive written report, but as you see, I just did up a one-page highlights document for the purposes of today's presentation.

I'd like to start off by saying that we recognize the difficulty that you have in establishing budget priorities. We have a lot of competing, very important priorities for limited financial resources. I'd just like to emphasize, as I believe some of the other presentations have, that investments in health and health promotion do pay off in the long run, so you need to keep that longer-term vision as well.

I think it has been widely recognized by politicians and citizens that nutrition is a key determinant of health. Our position, of course—and I hope you would agree—is that access to professional nutrition advice through the food nutrition experts, registered dietitians, is key to improving the health of Ontarians.

One of the government initiatives that has been very successful was the launching of EatRight Ontario, which is the Web- and phone-based dietitian advisory service that lets people speak directly with a registered dietitian and have their questions answered, or communicate by e-mail and get a quick turnaround time. In order to continue its initial success—it has very high customer satisfaction ratings—we really recommend that you urge the continued funding, through the Ministry of Health Promotion, for operation of EatRight Ontario as well as some targeted promotional strategies so that it can reach some of the most vulnerable populations and increase that impact on health.

Another very successful initiative, through the Ministry of Health and Long-Term Care, has been family health teams. Most of the health teams have at least one registered dietitian on board to provide individual patient nutrition counselling, as well as provide support and education to the other health care providers so that everybody can be given the same nutrition messages and reinforcing those ideas.

However, my latest figures show that only about 65% of the approved positions for family health team dietitians are currently filled. Part of that has to do with the overall shortage of dietitians, which I will be speaking to in a moment, but the other factor that is at play here is inequitable compensation. The guidelines for the various salary levels for health professionals that are published by the Ministry of Health for family health teams have placed dietitians at a lower salary band than other professionals that have the same type of education and training. That has been a problem for recruitment and retention, so our second recommendation around access is that that inequity be resolved.

The third recommendation around access is for a very vulnerable population: the residents of long-term-care homes. Right now we have a mandated minimum of 15 minutes per resident per month for dietitian services in long-term-care homes. To put that in perspective, in a 120-bed home, that means you have a dietitian there one day per week. It's not adequate. The stakeholders in long-term care have recognized that, and many homes have topped up that staffing. So right now we've got a provincial average, according to our surveys, of about 23 minutes per resident per month. However, we really feel that the minimum needs to be at least 30 minutes per resident per month in order to really manage nutritional care properly for that vulnerable population.

Finally, the home care population: The aging-at-home strategy has recognized that home care is a priority population. However, what we're seeing is that community care access centres across the province have been severely limiting all therapy services, including nutrition. We really urge that there be targeted funding for nutrition services in home care in order to reverse that trend and provide some proper nutrition care for that population.

Those recommendations are intended to increase access to professional nutrition services across the province.



However, the other stumbling block that needs to be addressed is that we have a shortage of dietitians. Right now there are vacancies across the province, not only in the rural and remote areas where perhaps you'd expect that, but also in places like Windsor, Sarnia, London and Toronto. I had a clinical services director from one of the large teaching hospitals tell me just recently that they've never had difficulties recruiting dietitians for those teaching hospital jobs, because those are pretty desirable positions and usually they're filled quite quickly. They're seeing vacancies that they can't recruit; there are just not the bodies out there. The shortages are even worse in places like long-term care, public health and those places.

We feel that they are directly linked to a lack of internship or training placements, and that's a one-year clinical placement that is required after graduation from a four-year honours foods and nutrition degree. We have right now, as the little graph shows you, about half of our qualified graduates—they have great potential to be dietitians, to alleviate these shortages, but they can't finish that final component of their training to make them eligible to write their entrance exams for the College of Dietitians because there just aren't the internship programs available. So we've been working with a number of stakeholders. We're looking at some new models, trying to come up with some creative ways of looking at funding and coordination. We're going to be submitting proposals through HealthForceOntario, and we really are urging you to voice your support for those proposals in order that we can address this shortage. It is getting to a very critical point and it's only going to get worse, because dietitians, like everyone else, are aging, and we've got people retiring, and there are vacancies that aren't able to be filled.

My final point is to acknowledge the poverty reduction strategy that has been announced recently, and to commend the inclusion of student nutrition programs within that poverty reduction strategy. I did want to emphasize as well that individual household and community food insecurity is bound to become more of an issue in challenging economic times, and we would really welcome the opportunity to work with the government to address food insecurity and help to ensure access to appropriate healthy, nutritious foods across the province.

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As I mentioned at the beginning, we will be submitting a comprehensive report, but I'd be very happy to answer any questions at this point in time on any of these recommendations. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for the submission. The questioning goes to the NDP and Mr. Prue.

**Mr. Michael Prue:** I'd like to start with the long-term-care homes and the 15 minutes per resident per month. This is really quite appalling, I think. It's really quite appalling if that is all the care that is being given to people who are very vulnerable and oftentimes can't speak for themselves. I've been in those homes; many of the people have dementia or Alzheimer's. Somebody

needs to be caring, and if you're only there for 15 minutes a month, how do you do that?

**Ms. Leslie Whittington-Carter:** Well, you can't—

**Mr. Michael Prue:** You don't.

**Ms. Leslie Whittington-Carter:** You can't. You can't do it properly within that amount of time. We've recommended 30 minutes for 10 years, an increase to 30 minutes per resident per month. I do emphasize that is a minimum. Even that—we recognize that obviously there are fiscal challenges, but the 15 minutes is woefully inadequate.

**Mr. Michael Prue:** Do the dietitians work with the nurses and the doctors that are in the homes to try to come up with nutritious meals, probably culturally sensitive and everything else that has to be done?

**Ms. Leslie Whittington-Carter:** That's right. They are very much part of the interdisciplinary team. They're involved in menu planning, they help to educate other health professionals, other direct care staff, and they make individual care plans for specific nutrition interventions for the residents who are at risk.

**Mr. Michael Prue:** Skipping down to the graph and the chart, it seems like we are graduating a lot of people who never work in the field for which they're trained. How could we mandate that training? How can we as a finance committee make sure that we use all of those minds?

**Ms. Leslie Whittington-Carter:** Well, there's a couple of things. As I mentioned, we are submitting some specific proposals. One thing we're looking at is long-term-care based, something specific for training people in long-term care. We're looking at more of a public health-based environment.

Most of the internships, the majority of them, are based in hospitals. Therefore, they compete out of the global budget for funds for a coordinator for the internship program, so basically what we need is funds for coordinators. We have dietitians in various settings who are willing to mentor, willing to take those students and assist them in learning and completing that training, but what we need is the coordination and somebody to head up that program and make sure that everybody fulfills their specific competencies across what's required through the regulatory bodies.

**Mr. Michael Prue:** Is this an expensive process, or can this be done relatively cheaply?

**Ms. Leslie Whittington-Carter:** Relatively cheaply; relatively, again, in terms of the investments that are made, for example, in nursing education or addressing physician shortage or some of the other health care professionals. It's certainly a fraction of what some of the other investments have been across the board.

**Mr. Michael Prue:** In terms of food security, you're correct that as poverty takes hold, as people lose their jobs as the economy worsens, nutritious food may suffer. What proposals can the government make? Should we be funding nutritious food baskets? I see that as part of the poverty reduction in Toronto where I come from. They have the Good Food Boxes and things like that.

**Ms. Leslie Whittington-Carter:** That is certainly an excellent initiative. "Nutritious food basket"—that actual terminology is within the public health standards, so we do have a costing protocol to cost out what it costs to eat healthfully. I think my main recommendation would be that we use that existing protocol, look at what it costs to eat nutritiously and make sure that those funds are available for people to be able to purchase sufficient food.

There are other initiatives such as urban planning and those types of things to ensure that there is physical access to healthy foods. Things like the northern fruit and vegetable program, which has been successful—expanding that so that more people are able to access fresh fruits and vegetables. That also helps the agricultural community. Those types of things are also very helpful.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Ms. Leslie Whittington-Carter:** Thank you very much.

ONTARIO COALITION  
FOR BETTER CHILD CARE  
CANADIAN UNION  
OF PUBLIC EMPLOYEES

**The Chair (Mr. Pat Hoy):** Now I'd ask the Ontario Coalition for Better Child Care and CUPE to come forward, please. Good morning. You have 10 minutes for your presentation. The government will be asking the questions in this round. Just simply state your name for our Hansard recording and you can begin.

**Ms. Patricia Strole:** Thank you. Good morning. My name is Patricia Strole. I'm an early childhood educator in the city of Windsor. I represent the southwest Ontario region for the Ontario Coalition for Better Child Care and for the CUPE child care council. I've been advocating for high-quality child care services for a long time, through our terminology changes from daycare to child care, to the current early learning and child care—ELCC—that I'll be using this morning. Through it all, our emphasis has remained steadily in support of high-quality service affordable to parents, available in all regions and accessible to all families needing care.

Our own provincial government has recognized the concerns and published insightful papers speaking to the needs, such as Early Learning for Every Child Today, Investing in Quality, and the ELA report. It seems that sometimes there's little point in repeating again that which is already so clearly recognized and known. Nonetheless, I'll go on and I'll be brief.

Consistent, high-quality ELCC experience supports children's healthy development, which is all the more important in these stressful times. How we choose to support our children now will influence their future and that of the health of our province. Building a system of quality ELCC is integral to Ontario's prosperity and well-being.

Before Quebec introduced its \$7-per-day system, it had the lowest female workforce participation rate in Canada; 10 years later, it has the highest. It is estimated that through tax recovery this increased labour force participation pays for 40% of the child care system in Quebec. It can grow the tax base for Ontario, too. Over these past 10 years, Quebec has seen a reduction in child poverty, which is attributed to their universal and affordable ELCC program. Both our neighbouring provinces, Quebec and Manitoba, are significantly and wisely investing in ELCC.

A UNICEF report issued last week ranked Canada last among 25 rich countries for our failure to act on the evidence showing that quality, universal care services provide social and economic benefits that far outweigh the costs. The laissez-faire approach to child care has failed us.

As Ontario considers ways to stimulate the economy, ELCC should be near the top of our priority list. Quality, universal child care promotes local development and will help families as they patch together part-time or on-call jobs, maintain availability for work or participate in education upgrading or skills retraining.

We strongly urge the McGuinty government to do the right thing for Ontario's families. Honour it, follow it, fund it. Thank you for this opportunity to speak to you today.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation. The questioning goes to the government, Mr. Sousa.

**Mr. Charles Sousa:** Thank you very much for your presentation. I appreciate you being here. You speak of something that's very—it's a priority for us. Early years learning and child care are certainly fundamental in the development of our economy in the long term. It's an investment and it's something that I believe you're right about, that we can do better.

During the last year, it's been a priority for us, with the rolling out of our poverty strategy, which affects children, and the concentrations on early years through Charles Pascal's initiatives—full-time kindergarten and so forth. We have issues in terms of funding and we want to make certain that we have what's necessary to support our children. I agree that possibly a universal care system is the appropriate way to go and we were hoping that would have been the case initially when we were working with the federal government a few years back. Can you tell us where you think we can save money at this point? In terms of the way we're rolling out, it's a matter of trying to provide effective service with the funding that we now have. Can we change the system a little bit?

1020

**Ms. Patricia Strole:** I think in the long run we definitely will be saving a lot of money; we'll save a lot of other costs. In terms of a short-term saving of money, I don't know how to tell you that you can save money in providing quality child care services. Child care does cost money. If you have well-paid, well-qualified people, then it does cost money.



**Mr. Charles Sousa:** Is the system efficient the way it's operating now, or are there things that, in your mind, should be changed right away?

**Ms. Patricia Stroppe:** I don't think there is much of a system right now. What we have now is a patchwork throughout our province. We don't have a system; we have little bits. What we need is a system of child care.

I'm really glad about the initiative that Pascal is doing. My concern is that it does address the four- and five-year-olds and such great needs are amongst the younger children. We need to address and not just segregate the four- and five-year-olds from the rest of the child care system, because I see much greater problems coming about if they're just lopped off the top. It's currently very hard to get and to afford and to be able to provide quality service for the infants and very young children. If the four- and five-year-olds are removed from the system and it's like a panacea has been provided, then I see a really huge gap coming up for the youngest children, and I'm scared of what will happen.

I do support what Pascal's study is about, and getting that going is a great thing. I just really worry about the younger children in that process.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### ALZHEIMER SOCIETY OF ONTARIO

**The Chair (Mr. Pat Hoy):** Now I'd ask the Alzheimer Society of Ontario to come forward, please.

**Mr. David Harvey:** Good morning. My name is David Harvey. I'm with the Alzheimer Society of Ontario. With me is Sally Bennett Politidis, who is the CEO of our chapter in Windsor-Essex. We appreciate very much the opportunity to talk with you about priorities for the 2009 provincial budget.

Alzheimer's disease and related dementias are progressive, degenerative diseases that destroy brain cells. They are not a normal part of aging. Symptoms include a gradual decline of memory; changes in judgment, mood and behaviour; and an inability to perform familiar tasks. Progression can be slowed, but not stopped. Today, there is no cure.

More than 180,000 Ontarians have dementia. In less than 25 years, this number will double. The annual cost in Ontario is estimated to be over \$5 billion, including the costs of long-term care, community supports, medication, physicians' fees and unpaid caregiver time. These costs will increase dramatically in the coming years.

The Alzheimer Society of Ontario and its 39 chapters provide service and care for people with dementia and their families, and fund research. Our annual revenues are close to \$30 million, over 50% of which is derived from charitable donations and fundraising events. The Ministry of Health and Long-Term Care, through the local health integration networks, provides most of the remaining funding for our chapters. Our society partners with a variety of groups, including health providers, primary care practitioners, universities and colleges, to

improve access, disseminate information and promote best practice.

We acknowledge that Ontario faces severe economic challenges. While you grapple with these complex issues, we urge you to consider our recommendations, which focus on five areas: continuing the aging-at-home strategy; increasing financial support for caregivers; adopting an age-friendly approach to infrastructure investment; supporting dementia research; and promoting a "silver economy" strategy for Ontario.

The aging-at-home strategy will add more than \$330 million a year in areas such as community support services, respite, and supportive housing at its maturity in 2011. Aging-at-home supports innovative approaches, such as the First Link dementia referral program, through which individuals and their care partners are linked with the Alzheimer society chapters. Studies such as the one that we refer to here, conducted over an 18-year period, in a 2006 report, indicate that counselling provided to people who care for people with dementia can reduce the length of stay in long-term-care facilities by as much as 50%. Investment in community supports is an essential part of health cost containment. We urge that commitment to the rollout of the aging-at-home strategy continue.

In 2007, we applauded the commitment in the Ontario government throne speech to support people caring for older adults, and urged action in our submission to this committee a short while later. Last October, the federal government made a similar commitment. The time is ripe for federal-provincial collaboration on issues relating to caregiving.

Most Ontarians with dementia are cared for in their homes, by their families, most of whom are spouses or daughters. In turn, many of them struggle with emotional stress, physical strain, exhaustion, depression and other illnesses, as well as financial burdens. Caregivers experience financial stress in two ways. One is the added cost of caregiving; the other is the insecurity related to those who still remain in the employment market.

The Ontario Caregiver Coalition has asked Minister Duncan to establish a task force. While we support this, we urge immediate steps to increase the tax credits for caregivers, include self-directed funding in the range of care options, and work with the federal government to extend the compassionate care provisions of the Employment Insurance Act and the dropout provisions of the Canada pension plan.

Investing in infrastructure is accepted as an effective tool for governments to mitigate the impact of our current economic crisis. We see great potential in guiding infrastructure investment toward initiatives that support independence within our aging population, such as home modifications, affordable and supportive housing, as well as accessible transportation.

We are working to apply the principles of the age-friendly-communities initiative of the World Health Organization to services, settings and structures that enable people to age more actively. We are engaging muni-

cipalities and other associations, like the Ontario Professional Planners Institute, in this work. The federal government is also promoting this initiative. We urge the adoption of this policy framework in future infrastructure investments in Ontario.

Ontario scientists are world leaders in dementia research. While there is no doubt that the need for better treatments and eventually a cure for dementia remain paramount, it is fair to say that trying to find ways to delay the onset of dementia is equally important, as is research in applied technology to help people cope.

The Alzheimer Society of Ontario and chapters donate over \$1 million a year to research. Ontario recognizes that research is an important economic driver in the new economy. Given the scope and impact of dementia, and the strengths of Ontario's research community, we urge that Ontario follow British Columbia's lead in making dementia a signature pursuit within its research portfolio.

We also see tremendous economic potential in recasting our changing demographic from one of a so-called "grey tsunami" to one of a "silver economy," where all groups enjoy the economic benefits associated with the growing number of older persons. New technologies, housing options and transportation services are needed. Just as green may offer opportunity for innovation, so also may silver. The European Union sees this possibility and is supporting a "silver economy" initiative to promote development and marketing of innovative products and services to the market of older people, and thus contribute to economic development and job creation. One specific example of this might be to earmark money for Ontario's Next Generation of Jobs Fund to companies developing technological innovations to support independent living. Another possibility might be to include this kind of orientation in the Second Career strategy, for example.

1030

While we face uncertain economic times, dementia does not wait. The number of people with the disease keeps growing and the impact on individuals, communities and our health system intensifies. Creative and cost-effective responses are available, and the Alzheimer Society urges you to support them. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to Mr. Barrett.

**Mr. Toby Barrett:** Thank you to the Alzheimer Society for coming forward to testify. We are certainly aware of the economic challenges, and as you've indicated, on average, about 50% of your organization's funding comes from fundraising itself and charitable donations.

I was listening to your description of the fact that most people are cared for in the home. I had an opportunity—I think it was just last week—to visit a home to get a feel for the home care environment in my local area. There were several service providers involved in this particular home. They would come in at various times. How is that working out, as far as coordination? I know some of it would be referrals through the local CCAC. I just

wonder, how is that working out across Ontario as far as the home care approach?

**Mr. David Harvey:** I think we can say that the home care initiative has been pretty successful in Ontario. The average age of admission into a long-term-care home today is about six or seven years older than it was 15 years ago. That's a measure of success.

One of our concerns around home care is that as the care becomes more complex for a person, the respite services that are available for people providing the care are not what they once were. The pressures on community care access centres to alleviate hospital pressures have caused an erosion at the other end of the system. There were some announcements yesterday about improving the capacity of CCACs to manage care, and it may be that with the aging-at-home strategy and some better approaches that way some of that respite will return to the home that eroded a few years ago.

**Mr. Toby Barrett:** Mr. Hudak may have a question. I'll try and get another quick one in. Could you tell us a bit more about your proposal for income tax credits for caregivers? You would be referring to family members—probably a spouse or children?

**Mr. David Harvey:** That's correct, yes.

**Mr. Toby Barrett:** Secondly, self-directed funding, as far as the care—

**Mr. David Harvey:** Sure. There are some caregiver credits now. We're simply proposing that they be increased in their value and also probably in terms of the income cut-offs so that more people would be able to participate.

The self-directed funding program—there is a program in Ontario for people with physical disabilities who are able to receive funds directly and employ their own staff to provide the personal care. There is a pilot project in eastern Ontario in the aging-at-home strategy that's experimenting with that model. One of the complaints of caregivers is that they have to fit their needs into an agency system. What we're proposing is that where there is need and competency, those funds would be provided directly to the caregiver and then they would, in turn, engage the support they need.

**Mr. Toby Barrett:** At the home I visited, the one son was there and he runs a shop; he has his own machine shop. I'm just wondering, how sympathetic or flexible are employers as far as allowing people to either change shifts or work on flextime? For example, if someone was having a child, there's a paternity leave or maternity leave. Is there anything similar at all for other reasons?

**Mr. David Harvey:** There is not. We're going to be talking with the Ministry of Labour about trying to encourage at least employer education in that area, if not regulation.

**Mr. Toby Barrett:** Okay. Thank you very much.

**Mr. Tim Hudak:** I was just going to ask, if there's time, Chair—Mr. Barrett had similar questions to mine. What are the results of the pilot project in eastern Ontario on the self-directed funding—

**Mr. David Harvey:** It's just starting up.



**Mr. Tim Hudak:** Okay. And the value of the income tax credits—Toby was asking about that. So where is that level of cut-off that you'd mentioned? Do you know?

**Mr. David Harvey:** Sorry; I don't know that detail.

**Mr. Tim Hudak:** No problem. I appreciate the presentation. Those were excellent points.

**The Chair (Mr. Pat Hoy):** Thank you for appearing before the committee.

#### ST. CLAIR COLLEGE

**The Chair (Mr. Pat Hoy):** I'd ask St. Clair College to come forward, please.

Good morning. You have 10 minutes for your presentation. The NDP will be asking the questions in the next round. If you would just simply state your name for the purposes of our recording Hansard.

**Mr. Dolph Barsanti:** My name is Dolph Barsanti. I'm the chief financial officer of St. Clair College. Thank you for the opportunity to appear in the 2009 pre-budget consultations. My presentation will focus on four main issues: Reaching Higher, operating funds, capital funds and collective bargaining. I hope to leave some time for questions.

We have four campuses. Our main campus is on Highway 3, Talbot Road. We have a Chatham campus, a Wallaceburg campus called the Burgess centre, and our most recent campus is in downtown Windsor, the St. Clair Centre for the Arts. We have approximately 7,000 full-time students and 25,000 part-time students.

Your government has shown leadership in supporting post-secondary education. The Reaching Higher plan announced in the 2005 budget was a much-needed investment in the system. The Reaching Higher funds enabled the Ontario colleges to implement new access and outreach initiatives, improve student services, expand learner supports, invest in learning facilities and resources, and renew and establish new programs.

Colleges launched 200 new programs in response to employer and community demand for graduates to meet shifting labour market needs. There is a consistent improvement in the graduation rates and satisfaction ratings from students, graduates and employers. At St. Clair College, through the Reaching Higher funds, we are seeing positive results. We too offered new programs and new services, including a new learning commons centre, which expanded tutoring and counselling services, and also opened up the new campus downtown—actually, next door.

Colleges have been good partners, and the partnership between government and our sector has produced real results for the province, our economy and our students. Today, we are all asked to partner again, this time to find ways to maintain and build upon the gains we've made in the face of a difficult economy and the need for restraint. Once again, we are prepared to do our part to restrain spending, as we have for many years.

At St. Clair College we have increased capacity by deferring maintenance, which is approximately \$35 mil-

lion at this point; deferred purchasing new classroom equipment, thus using obsolete equipment in some programs; and utilized part-time staff, deferring full-time hiring in order to keep our costs down. We are still currently looking at staff reductions this year of up to 10%.

When you compare the student revenue for high school, university and college students, you'll see that colleges are being asked to do a great deal with far less funding than the rest of the sector. High schools receive about \$10,000 in revenue for each student; universities receive about \$12,000 per student; however, colleges only receive about \$8,000 per student, when grants and tuition are factored in.

#### 1040

I recognize that this inequity may not be resolved in the immediate term, and in this economy we are not asking that it be addressed. However, it is critical to realize that colleges have already tightened their belts as far as possible; thus our ability to absorb cuts is far more limited than in other sectors.

Despite the Reaching Higher investments, St. Clair College is facing serious fiscal challenges. Many colleges are facing operating cost pressures and will be running a deficit since our reserves have run out. St. Clair College is expecting to run a \$10-million to \$12-million deficit over the next three years. We are facing significant cost pressures because there is a \$100-million funding shortfall for the Ontario college system due to pressures such as enrolment growth and salary increases, including arbitrated settlements for full-time faculty and support staff.

While we support the financial needs of universities, and in particular the need to increase graduate education, colleges are being called upon in these difficult economic times to take extraordinary measures to support students and enhance training for laid-off workers.

Also, history makes it clear that during economic downturns, more and more people turn to colleges for re-training. In the past two years, we have seen college enrolment increase by over 8%, a trend we expect may continue since we have a large unemployment rate in the Windsor-Essex and Chatham-Kent regions.

In our view, this would be a tragedy for the province, because our graduates make a tremendous contribution to the economic prosperity of Ontario. They have the practical knowledge and skills required to positively contribute to an employer's bottom line from the first day of employment. The Canadian Federation of Independent Business has said businesses facing labour shortages need college graduates over university graduates by a 6-to-1 ratio. More than 90% of college graduates find jobs within six months of graduation, and more than 93% of employers report being satisfied with the quality of graduates hired.

Colleges have been able to do great things with less, but it won't continue without proper funding. I recommend that colleges receive their share of Reaching Higher funds this year, as we have in the past, so that we can continue to do the great work that we do. Because

our operating grants were flatlined last year, even this modest request will force colleges to make more tough decisions as we cope with the approximately \$100-million shortfall our sector is already facing. However, we understand the need for restraint and are willing to do our part, but we cannot do more than our share and still meet the government's objectives.

With the downturn of the economy, we recognize that there will be some difficult decisions the government will have to make. I would suggest to you that now is not the time to abandon the gains we have all worked so hard to achieve under Reaching Higher by cutting back on long-planned investments in colleges. With \$75 million in operating funding for 2009-10, colleges can help kick-start the economy. If it requires that the government run a temporary deficit in order to invest in colleges and sustain the good work we've done together, then I would support that.

With these tough economic challenges, Ontarians are looking to their government for leadership and support. We believe the government is headed in the right direction by assisting laid-off workers to get training for new careers. Colleges have been working very hard to service Second Career students, and we expect that with the recent program changes announced by Minister Milloy, we will see more uptake in this program.

Fortunately, the strength of our college system means we are well positioned to help people get the education and training they need to move into new careers. This is evidenced at St. Clair more recently through the Second Career strategy. St. Clair has also been retraining CAW workers employed by Ford Motor Co. and Chrysler, running three shifts at times. In addition, the CAW has hired St. Clair College, through the labour adjustment fund, to retrain permanently displaced auto workers in our community.

Unfortunately, St. Clair does not have the capacity to meet the local demands of the community. With the high unemployment rate, most people return to school to retrain, and we are currently forced to deny many of them access due to lack of funding.

Along with this serious operating need, we have an equally critical need for capital funds. As I mentioned, this year, first-year enrolment at Ontario's colleges was 5.6% higher than it was in 2007. This follows a 5.5% increase last year. St. Clair's first-year enrolment rose 7% this year and we expect that to continue.

Capital investments should be part of the government's economic recovery plan. We are pleased with the investments thus far to build capacity in our college, but more needs to be done. Colleges need to modernize our buildings and equipment. We have old buildings and obsolete equipment in too many areas. To repeat, our deferred maintenance and equipment budget exceeds \$50 million. Employers want people who have been trained on the latest equipment, using the most up-to-date technology.

It is critical that the government ensure that our province's colleges have the resources, equipment and facili-

ties needed to equip Ontarians with the skills they need to meet the demands of our changing economy. It is important that the government include college infrastructure funding in its infrastructure program. By investing in the college infrastructure, the government could deliver some quick wins for the economy and its skills agenda by an early investment in the top priorities identified for college infrastructure funding.

I recommend that the government invest \$50 million for capital renewal and maintenance at colleges in Ontario annually. In fact, St. Clair College would recommend that the provincial government request the federal government to contribute \$1 million to every college annually to assist in updating the buildings and equipment.

The Premier has said there are over 100,000 jobs that could be filled that require a high level of skills. Colleges must be given the necessary tools to train workers for the new economy. It is my understanding that there are unspent funds in the labour market agreement that the government can direct into college programs and help people get the necessary skills they need to move into employment.

In the 2007 federal budget, \$800 million was allocated to post-secondary education. These funds must continue to flow directly to post-secondary education. This includes the 3% guaranteed increase in these funds every year. I recommend that the province continue to flow funds announced in the 2007 federal budget directly to post-secondary education. Simply allocating the funds that have been previously announced will go a long way in addressing the needs of our colleges.

Finally, there is one other area I need to raise today—the looming problem that will greatly impact on colleges' operating budgets—and that is the implementation of Bill 90, the Colleges Collective Bargaining Act. This legislation has received royal assent and has the potential to add a \$200-million pressure to our collective agreements. The government must fund the implementation of this bill, as colleges have absolutely no ability to cover the costs of this unanticipated change.

We are asking the committee to support our proposed recommendations in the interests of meeting the goals we all share to re-skill our workforce and ensure that all those wishing to invest in post-secondary education have access to this critical resource. Only in that way will our economy come out of this difficult period stronger and able to address the labour shortages that are coming our way.

Colleges are critical players in strengthening the economy. We directly contribute to the economic development, social and cultural prosperity of our communities and the province. We look forward to working with you to make Ontario an economic powerhouse.

I will be pleased to answer any questions. Thank you for allowing me to present.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning goes to Mr. Prue of the NDP.

**Mr. Michael Prue:** Thank you very much. At the top of page two is the most troubling paragraph, I think, of



what you've said. I'll quote it again for the record: "At St. Clair College we have increased capacity by deferring maintenance, which is approximately \$35 million at this point; deferred purchasing new classroom equipment, thus using obsolete equipment in some programs; and we have been utilizing part-time staff, deferring full-time hiring in order to keep down our costs. We are still currently looking at staff reductions this year up to 10%." It appears to me that you are in a great deal of trouble.

**Mr. Dolph Barsanti:** We are.

**Mr. Michael Prue:** Okay. In terms of the deferred maintenance, the buildings, I guess, must be falling apart.

**Mr. Dolph Barsanti:** Yes, they are. It's the chillers, it's the heating, the humidification system. We've got roofs that leak. So there are several problems.

**Mr. Michael Prue:** You say you're using obsolete equipment. I don't know how students learn. This is a technological society; you don't use the equipment of the 1970s and 1980s. You use the equipment of today if they are going to get the good jobs.

**Mr. Dolph Barsanti:** Correct, but a big portion of our budget is salaries. We're putting most of our money into salaries and not as much money into capital.

**Mr. Michael Prue:** But you also say, in terms of that, that you're utilizing part-time staff and deferring full-time hiring. This has caused enormous problems at York University, it looks like it's going to cause it at the University of Toronto, and I'm sure it will cause it at St. Clair College. This can't be the answer, but you have no choice. Is that what it is?

1050

**Mr. Dolph Barsanti:** I guess, yes. When we hire full-time people, there are the benefits and the other additional costs that we're paying, so we're going towards the part-time route to try to save our costs.

**Mr. Michael Prue:** Are the staff at St. Clair College unionized?

**Mr. Dolph Barsanti:** Yes, they are.

**Mr. Michael Prue:** So I would expect that they are not going to take this for very long.

**Mr. Dolph Barsanti:** Probably not.

**Mr. Michael Prue:** Then we go on to staff reductions this year of 10%. So in spite of all of this, there are still going to be staff reductions. I would assume this is the full-time staff.

**Mr. Dolph Barsanti:** This would be full-time staff; correct.

**Mr. Michael Prue:** You go on to say that you'll be running a deficit as well of \$10 million to \$12 million over the next three years.

**Mr. Dolph Barsanti:** Yes. If we don't get additional funding, we have forecasted our revenues based on our government grants and the 3% economic adjustment. Arbitrated settlements are 4%. Other costs are going up, so it just accumulates.

**Mr. Michael Prue:** I'll go the bottom of page 4, the last paragraph where you say that you cannot meet the capacity of the local demands, and with the high unemployment rate—Windsor has one of the highest unem-

ployment rates in the country: "Most people return to school to retrain, and we are currently forced to deny many of them access due to lack of funding." How many students are you denying access to?

**Mr. Dolph Barsanti:** I don't have the particular number, but we only have so much capacity and space at the college, and once the programs are filled, we do not open any additional programs to—

**Mr. Michael Prue:** How many students were turned away last year?

**Mr. Dolph Barsanti:** I don't have that number with me. I could get that number for you.

**Mr. Michael Prue:** All right. But you have been turning away—

**Mr. Dolph Barsanti:** Yes, we have.

**Mr. Michael Prue:** —willing students, people who even have to pony up the money, and you just can't take them?

**Mr. Dolph Barsanti:** Yes, because we don't have the capacity to take them.

**Mr. Michael Prue:** Is there any other place for them to go if they can't go here?

**Mr. Dolph Barsanti:** They could go to maybe other colleges—

**Mr. Michael Prue:** —around the province. They'd have to leave Windsor, though.

**Mr. Dolph Barsanti:** Yes.

**Mr. Michael Prue:** Okay. Then we go on, and you state on the last page, about Bill 90, the Colleges Collective Bargaining Act and the need for \$200 million to cover additional pressures. Has the government given any commitment to funding Bill 90?

**Mr. Dolph Barsanti:** My understanding at this time is that there's been no commitment to fund Bill 90. Once they get organized, the part-time people will be getting higher salaries, but there's been no commitment to fund it at this stage.

**Mr. Michael Prue:** What will happen to St. Clair College if there is not the \$200 million in this budget? What will happen, in terms of all those other things that are already bad and getting worse?

**Mr. Dolph Barsanti:** It could mean additional layoffs, it could mean we're going to turn people away if we don't pick up—especially con-ed courses that are run by mostly part-time teachers. If the cost goes up, we're not going to be able to offer the courses, so more people will be turned away. Also, we would have to maybe trim down the number of courses that we offer because the part-time costs will go up.

**Mr. Michael Prue:** Thank you very much.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Dolph Barsanti:** Thank you.

#### ONTARIO FLUE-CURED TOBACCO GROWERS' MARKETING BOARD

**The Chair (Mr. Pat Hoy):** Now I'd ask the Ontario Flue-Cured Tobacco Growers' Marketing Board to come

forward please. I note that you've been sitting there all morning, but you have 10 minutes for your presentation. The rotation this time will have the government posing the questions. I would just ask you to identify yourself for our recording Hansard.

**Ms. Linda Vandendriessche:** Thank you. Good morning. I'm Linda Vandendriessche, chair of the Ontario Flue-Cured Tobacco Growers' Marketing Board. I sincerely thank you for the opportunity to make this presentation to you today.

We are a provincially mandated marketing board that is responsible for the production, marketing and advocacy of all flue-cured tobacco grown in the province of Ontario. We represent about 1,000 farm families who are currently involved in tobacco production, under a quota-based system. We oversee a strictly regulated framework for tobacco production, which ensures that all legally sold tobacco in the province goes through our auction exchange in Delhi.

I am here today to ask for help. Over the past several years we have found ourselves impacted by government tobacco control policies, industry and trade withdrawals and a huge and rapidly growing illegal trade. Our farmers and communities are devastated.

Our farmers are trapped. They have invested their life's work in tobacco-specific equipment and assets and are carrying significant debt associated with those assets. They need to, but can't, get out.

The Ontario government has instituted, in its own words, a "war on tobacco," putting in place some of the most rigorous tobacco control legislation in the world. Smoking bans have been enacted. Taxes have been increased. Retailing of tobacco products has been curtailed. We have not argued with these measures and we have not fought the government's agenda. We have always supported initiatives that could effectively keep tobacco products out of the hands of youth. However, unintended consequences of legislative control measures are rampant illegal trade and activity. We are no longer allowed to supply the legal marketplace. In order to compete with cheaper prices, the trade has increased imports of leaf from other growth areas. The consumer is buying unregulated product from smoke shacks and unmarked vans.

In the last decade, production has plummeted from 150 million pounds in 1998 to 23 million pounds in 2008—an 85% nosedive in just 10 years. In dollar terms, the value to Ontario producers of the 1998 crop was \$326 million. The value to producers of this year's crop is approximately \$45 million.

In 2008, contraband product accounts for nearly half of Ontario's cigarette consumption. This is a crisis. Clearly, the situation is out of control and the criminal element is rampant. Our communities, our farmers and their families are often at the mercy of these elements as criminals steal product from our farms and offer unscrupulous deals to the downtrodden farmer.

The provincial Auditor General has recently reported that contraband and smuggling is costing the provincial

treasury \$500 million in uncollected taxes yearly. I submit to you that a public policy solution is needed to this problem. The province of Ontario and the federal government recognized this in 2005, when a partial solution was put in place. Two governments jointly funded an exit plan for Ontario tobacco farmers: the tobacco adjustment assistance program, or TAAP. There were over 700 applications for TAAP, but only enough funds in the federal and provincial program to allow 200 farmers to exit.

On August 1, 2008, the federal government announced an exit program that would allow all remaining farmers to retire their quotas and exit the industry. This federal investment creates a once-in-a-lifetime opportunity for our part of the province. However, today's reality is that the majority of tobacco farmers cannot afford to transition to new opportunities on the strength of the federal exit dollars alone. The federal program will inspire an exit from tobacco production but cannot substantiate an effective transition to new and innovative lines of work.

The difficult to desperate situation faced by farmers does call for some action. This is why we welcome the proposal of Dave Levac, MPP for Brant. Mr. Levac has suggested a transition program and a source of funds for that program: Consumers of tobacco products would fund the transition program through a levy on all tobacco products sold in the province of Ontario. The levy would be a simple increase in the provincial tax of an additional \$2.50 per carton. This would bring the provincial tobacco tax up to the national average, as Premier McGuinty committed to do in 2003. Since that time, provincial governments have slowly and consistently been moving to keep this commitment. We believe that, if members think it necessary, this increase could be phased in over three years.

#### 1100

Some of the funds realized from this anticipated increase would facilitate transition into other lines of business. They would also deal with stranded assets that farmers own: the specialized equipment and infrastructure of tobacco producers. This approach would ensure that these assets are not used by others to farm tobacco after farmers have exited the industry. This will help deal with contraband situations.

Revenues from the tax would also be available to help fund other provincial government initiatives and, at the end of the transition program, the suggested three years, all the funds from the tax could be allocated as government sees fit. This made-in-Ontario solution to the tobacco growers' crisis would stimulate the local economy and facilitate the adjustment to more productive lines of work, thus enhancing Ontario's competitiveness. It would also strengthen the environment for innovation by making funds available to grow new businesses in the agricultural sector. It could eliminate, or at least drastically reduce, the potential source of intimidation and theft for contraband tobacco production.

It is important to note that Mr. Levac suggests the province's participation could hinge upon the outright



ban on the growing of tobacco in Ontario. This idea could greatly assist in efforts to curb and ultimately eliminate a huge contraband trade that is both fuelling organized crime activity in the province and facilitating efforts to get “cheap smokes” in the hands of Ontarians, including minors.

This is an opportunity for the government of Ontario to take a leadership role in defining tobacco growing in Ontario. We have travelled a difficult path to get to this point. We are asking you to meet us there. We must start dialogue and solve these crises. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go, in this round, to the government. Mr. Sousa?

**Mr. Charles Sousa:** Thank you very much for your presentation. I really do appreciate your highlighting the issues and the struggles that you have undergone. I appreciate your solutions as well. Certainly in our caucus, and I'm sure in everyone's government, we speak about some of the difficulties, and we've tried to find some solutions towards it. Our colleague Mr. Levac has come forward. He's been a real champion in this respect.

You've highlighted many of the issues and you've put forward many of the shared concerns that are out there. I just wanted to acknowledge that. I appreciate your presentation and thank you for doing what you've done in bringing this forward to us. I don't have any specific question. I am going to put it to my colleague, who would like to question you on one particular issue. Again, I just thank you very much for being here.

**Ms. Linda Vandendriessche:** You're welcome.

**The Chair (Mr. Pat Hoy):** Mr. Lalonde?

**Mr. Jean-Marc Lalonde:** Thank you, Mr. Chair.

Once again, thank you very much for appearing in front of the committee. I have one question, especially after reading your deputation. You say you support the initiative that could effectively keep tobacco products out of the hands of youth. Since our colleagues Dave Levac and France Gélinas tabled a bill a couple of weeks ago on cigarillos, I went to the corner store and I wanted to know what those cigarillos looked like. I was surprised at the number of cigarettes that exist and would be sold to children, really, and I wonder where they are produced. Do you know who produces the cigarillos?

**Ms. Linda Vandendriessche:** Who produces the cigarillos? One of the major three obviously might produce the cigarillos. But you've got to remember we're the farmers. We grow flue-cured tobacco, the actual leaf. A lot of that product is also imported from the United States, where that's a very common product.

**Mr. Jean-Marc Lalonde:** So then they don't come from the illegal suppliers?

**Ms. Linda Vandendriessche:** Not if they're in your corner store; they shouldn't be. But there will be all sorts of products out there that are accessible to children. As you know, there are different areas where you can buy them in smoke shacks. They come out of trunks of cars. I was in St. Thomas not that long ago and stopped to attend a meeting, and I was amazed, because the car

parked beside me had a square milk box—if you remember them from when we were kids—with folders in it, where he would have clients coming in, buying illegal brands of cigarettes.

I would hope that your government would take back the thought that if you were to empower the OPP to stop, search and seize, a lot of this problem of illegal products would be solved. The OPP needs to be able to do their job; they have to be empowered in their job. Contraband is not just cigarettes—I'm just going to open it up here for a moment for discussion—it also is handbags; it's also makeup. There are all sorts of contraband products. I don't understand why there aren't stiffer penalties for truckers who truck this kind of product. If an OPP officer could stop that particular unmarked truck—for God's sake, there are unmarked cube vans all over this province hauling illegal contraband products. Give them the power—they're on the roads every day—to stop these vehicles and see what's in them; make sure that that truck driver knows what's in that vehicle. They could have stiffer fines, or threaten to remove their tractor-trailer. They certainly would think twice about hauling illegal products. We have to do something. I'm also a parent and a grandparent, and I'm tired of kids being able to go almost anywhere and purchase illegal products.

By helping the tobacco producer get out of what they're doing and move on—let them move into something else so they can bring closure to their life of tobacco growing and grow something more productive for the area. I'm looking to you—all government—to assist us. We, here, bring you a proposal—and MPP Levac—that is basically a raising of a minute amount of tax. If you don't do it, the Big Three tobacco companies will continue to raise the price of a carton of cigarettes. So what you're losing every day, I guarantee they're picking up, because they have to report a profit to their shareholders, and they do that because they raise, and continue to raise, the price of a carton of cigarettes. This gives you an opportunity to restimulate the economy in south-western Ontario on the five counties' sand plain, and I hope to God you take it seriously.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Tim Hudak:** Thank you very much for the presentation. On a point of order, Chair: we do have Al Teshuba in the audience, whom I've known for a number of years. Mr. Teshuba came to the committee to present and didn't know about the deadline. He's an expert on transportation issues and border infrastructure issues. I wonder if we could have unanimous consent for Mr. Teshuba to present for 10 minutes, but in the interests of time, have no questions.

**The Chair (Mr. Pat Hoy):** You've heard Mr. Hudak's proposal. Are we agreed? Agreed.

AL TESHUBA

**The Chair (Mr. Pat Hoy):** You have 10 minutes for your presentation. There won't be any questioning.

Please state your name for our recording Hansard, then you can begin.

**Mr. Al Teshuba:** My name is Al Teshuba. I've been a resident here in Windsor for the last 40 years—born and raised. I'm a licensed realtor; I'm also a certified math teacher; and more importantly for this discussion, I'm the co-chairman of a group called choosetunnelling.com.

Right after the initial DRIC process, the Detroit River International Crossing, came to Windsor and started presenting to the community and started getting some feedback and started analyzing the specific route—and I've been following this issue for many years, along with my colleagues on the committee, which is made up of economists; other realtors; brokers; environmentalists; business owners; and Dr. Alfie Morgan, the economist from the University of Windsor, who's retired now. Our main conclusion was that every time there's an issue about the border, there's always the NIMBY factor: not in my backyard. There were proposals for E.C. Row or DRTP. Every time an issue or location comes up, every resident stands up and says, "Not over here, not over here," and it seems like nothing is getting done, and something needs to be done. There are 18 or 19 traffic lights from Montreal to Florida; 18 of them are in Windsor. Something needs to be done.

**1110**

We realize that it's not so much the location but, in fact, the method of construction. One method that always seemed to be approved by everybody was that if we tunnelled the trucks—out of sight, out of mind—properly dealing with the fumes, either carbon capture and store or proper filters into the atmosphere, it would be environmentally friendly; it would be suitable to the quality of life for the residents. Windsor is a border town. We recognize our responsibility. Trucks have to go through us, and we would be okay with that.

When the DRIC continued with its meetings—I've been to dozens of meetings that the DRIC committee has put on through my group and through myself; I live a few blocks away from the corridor—I realized that they're starting to listen. From their original plan, which was about a 10-lane, above-grade superhighway—they've actually gone a long way from their current plan, which is the parkway. But, when they say tunnels, they're talking about a 120- to 240-metre overpass. The GreenLink proposal, in my opinion, is still a very reasonable compromise—we wanted full tunnelling to have the trucks go underneath, keep the cars on top to access the businesses—and I have to commend the city of Windsor. I think they came on a little bit too late to propose this, but according to the process and the agenda it always was open to feedback. They came out, I think, in August 2007 and we've been full supporters ever since.

The GreenLink proposal—and this is just something I had in my briefcase. We've spent millions, and when I say "we"—the city of Windsor. My tax money has been going to the spending of millions of dollars promoting GreenLink as opposed to the DRIC parkway plan, and it clearly shows the benefits. I was hoping that, as soon as

this came out, all the provincial and all the DRIC officials would suddenly say, "Wow, what a great compromise. It's not going to cost an extra billion and a half dollars to do this tunnelling, it's only going to cost"—DRIC says \$700 million, the city of Windsor says \$100 million—"let's say, \$500 million," and that would be the end of it. Everyone would get behind it.

The city of Windsor has received 17,000 approval cards saying that GreenLink is better. Every meeting that I go to: GreenLink is better, tunnelling is better, more green space, quality of life is better, better health results, our property values would go up. Clearly, there are benefits.

One thing that I've always advocated for, both for the city and for the DRIC—Dr. Morgan and I actually wrote an article about this in the Biz X Magazine, which I will certainly e-mail to Mr. Short and hopefully he can forward it to everyone—is a simple summary cost-benefit analysis. We need to look at this as an investment. Let's say it does cost an extra \$500 million to do GreenLink as opposed to the parkway plan and everybody's more in favour of GreenLink and the benefits are there. How do you justify spending an extra \$500 million in this economy? I think it's quite simple. When you consider that OHIP is the one that's paying the medical for our citizens and you can have a saving of health, factor that in. How much is a life worth? How much is paying for someone's emphysema or cancer worth over the long haul? Do a calculation. If we have increased property value over the area—because now we're living next to central parkland—how much extra tax money will our city receive because their houses are worth more, not to mention the owners themselves will have equity in their houses to leverage and have more value?

These are factors that are not being calculated: noise reduction, less expropriation, less legal fees to expropriate, a cost-benefit analysis to justify this \$500 million, not to mention, of course, that if you use Canadian workers, Canadian materials, Canadian companies to do the work and these people and these companies are all taxed, this is a stimulus into the economy and the majority—I would say about 50%, Dr. Morgan says about a third—would go back into the government anyway. So it's not really a spending cost, because it's spinning into the economy. So we get a world-class, final infrastructure project that will last for 50 to 100 years. The community would be better, safer, cleaner. It would welcome our American friends into a much more elaborate and fantastic—showing more green care. And I believe it's more cost-effective when you measure these costs and benefits over the next 50 to 100 years. Our analysis shows that the benefits are about \$2 billion.

Even if there was no benefit, considering that Windsor is taking the brunt of the traffic, the brunt of the fumes and the brunt of the noise, and there's \$400 billion worth of trade going through our city every year, what's \$2 billion or what's an extra half billion dollars to do the project right? That's my presentation in a nutshell.

The city of Windsor actually—and I don't like this particular route, but it seems this is what they believe



needs to be done in order to get their point across—has hired David Estrin, an environmental lawyer from Gowlings. They did a presentation last night, as a matter of fact, showing the environmental benefits. I don't want to see lawsuits. I certainly don't want to see this delayed. I don't want to see a conflict between my city and my province.

I would hope that they would work together, and I think the bottom line is we can all agree that if there is a monetary benefit over the long term doing a GPI analysis, genuine progressive index analysis, which measures quality-of-life factors including property values and health and so forth, then it could be justified.

How can you go back to your own ridings and say, "I just voted to spend an extra \$500 million in Windsor?" You should be spending money in your own ridings; how can you justify it? The justification is that this represents all of Canada; this represents all of Ontario. If there is a true cost-benefit analysis, I'm certain, added on to the work that Dr. Morgan and I have already done, it will show \$2 billion worth of benefits.

I guess I would like to see a cost-benefit analysis, or at least some consideration more for GreenLink. I know many politicians, including our two local MPPs, constantly say, "There's a process; leave it with DRIC," but the final conclusion is going to come down to Queen's Park. It's going to come down to our members of Parliament representing all of Ontario. Sure, you should be taking your recommendations from the DRIC personnel.

I could say from the dozens of meetings there that they have not listened as well as we would like to have had them listen with regard to tunnelling and the benefits. A simple comparison should do the analysis.

How much time do I have left?

**The Chair (Mr. Pat Hoy):** A minute.

**Mr. Al Teshuba:** One minute?

While I'm here, I'd also like to talk about a development project that my partners and I from Can-Am Tourism Development are proposing. It deals with utilizing the existing 100-year-old light rail tunnel. It currently has freight, 25 to 40 trains per day for freight. We'd like to convert that to light rail, open up a Chinatown district along with a Mexican town district, have travel, have a park on top, including a water park and trails and business. We are about 12 months away, and we're also working on a feasibility study. We've spoken to many MPs and Transport Canada. I'm just giving you a heads-up about it so if you hear it down the pipeline, you heard it here from the source.

**The Chair (Mr. Pat Hoy):** If you send any material to the clerk, he'll make sure that all members of the committee get it.

**Mr. Al Teshuba:** Absolutely, I will. I really appreciate this. It's nice to know that the public can speak to their MPPs directly.

**The Chair (Mr. Pat Hoy):** Thank you, and we are adjourned.

*The committee adjourned at 1118.*

## CONTENTS

Tuesday 16 December 2008

<b>Pre-budget consultations .....</b>	<b>F-693</b>
Workforce Development Board of Windsor-Essex .....	F-693
Ms. Marion Overholt; Mr. Tony Panicia .....	
Mr. Grant Church .....	F-694
Greater Kitchener Waterloo Chamber of Commerce.....	F-697
Mr. Art Sinclair .....	
Legal Assistance of Windsor .....	F-699
Ms. Marion Overholt .....	
Dietitians of Canada.....	F-702
Ms. Leslie Whittington-Carter .....	
Ontario Coalition for Better Child Care; Canadian Union of Public Employees.....	F-704
Ms. Patricia Stropole .....	
Alzheimer Society of Ontario.....	F-705
Mr. David Harvey .....	
St. Clair College.....	F-707
Mr. Dolph Barsanti .....	
Ontario Flue-Cured Tobacco Growers' Marketing Board .....	F-709
Ms. Linda Vandendriessche .....	
Mr. Al Teshuba.....	F-711

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## Assemblée législative de l'Ontario

Première session, 39<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 17 December 2008

**Standing Committee on  
Finance and Economic Affairs**

Pre-budget consultations



# Journal des débats (Hansard)

Mercredi 17 décembre 2008

**Comité permanent des finances  
et des affaires économiques**

Consultations prébudgétaires

Chair: Pat Hoy  
Clerk: William Short

Président : Pat Hoy  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Wednesday 17 December 2008

Mercredi 17 décembre 2008

*The committee met at 0902 in the Valhalla Inn, Thunder Bay.*

PRE-BUDGET CONSULTATIONS  
ABITIBIOWATER

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. The committee is pleased to be in Thunder Bay this morning.

Our first presentation will be from AbitibiBowater, if you would come forward, please. Good morning. You have 10 minutes for your presentation. The official opposition will be asking the questions for up to five minutes. I would just ask you to state your name for our recording Hansard.

**Mr. Doug Murray:** Doug Murray.

**The Chair (Mr. Pat Hoy):** You can begin.

**Mr. Doug Murray:** Mr. Chair, thank you for allowing us to speak today. I'll try to be to the point.

The government has implemented several key measures and strategies to help restore the competitiveness of Ontario's forest sector. Those are listed in my speaking notes. As you are aware, these programs have been used effectively by my company to continue operating in northern Ontario. Most of these strategies are scheduled to end shortly. Our challenges are far from over. These government strategies should be continued until we are through this latest financial upheaval.

With limited time, I wish to bring to your attention one item that is of very considerable concern to me as a large user of electricity, and that is electrical pricing. As part of the northern pulp and paper electricity transition plan, which ends in 10 months, the government stated that a demand reduction program would be put in place as an integral part of lowering power costs to industry. This was two years ago. As of today, we are still waiting for this program to be completed.

There are three components to this program. The original DR1 portion has been tinkered with and unilaterally changed by the Ontario Power Authority such that in September and October of this year, it was an ineffective tool in reducing my power costs. A demand response 2 program that was to replace DR1 and was supposed to be up and running by now is still under consideration. This program is the one that's right for my mill. The OPA has introduced a demand response 3 program, which has just

started in the last few months. So before ending programs such as the northern pulp and paper electricity transition plan, we need to ensure that replacement strategies suggested by your government are in place and are working, or we will not survive into the future.

Having a competitive electricity cost is essential for us to continue to operate. The attached bar chart in your handout shows purchased power costs by location of some of the jurisdictions that we work in in North America. In this chart you can see that the northern pulp and paper electricity transition plan is a green credit at the bottom, underneath Thunder Bay. It has lowered our power costs to the second-worst power costs in the areas that we do business with in North America. The mill that is in the highest region will be shutting down in December to balance supply versus demand as its costs are too high because of power. When I made this presentation to the finance minister, I stated that. I now have an update. As of December 4, this mill has now been idled indefinitely because of high power costs. The attached press release is located in the handout.

Our rates at Thunder Bay are the next highest. Other jurisdictions on this chart have demand response programs and industrial power rates. The province needs to join other jurisdictions in North America by creating industrial power rates to keep our manufacturing costs competitive. This was discussed with some policy advisers on November 24.

Also of great concern to me is that the Ontario Energy Board has approved a large increase in the regulated assets, effective December 1, 2008. Base hydro power, which is OPG's hydroelectric dams, will go from \$33 to \$38.78 a megawatt. Base load nuclear is going from \$53 to \$58.38 a megawatt. These changes will not impact the HOEP price, which is the hourly posted price, as this generation is bid in at lower numbers to ensure dispatch, but it will drive up the global adjustment component of our power bill. On the handout, you'll see the pieces that make up our power bill.

Why does the OPG, a crown corporation, need \$39 a megawatt to produce electricity from their large, stable, already-built hydro assets when other jurisdictions can produce electricity, deliver the electricity and operate and maintain their electrical grids for about the same cost as OPG says they need to produce the electricity?

The OEB also approved an 11% increase to Hydro One transmission rates earlier this year. Hydro One is

talking about another 9% or 10% increase next year. How can we justify increases like this in today's climate?

Also, the cap on the non-regulated OPG assets, such as the coal-fired boilers, is currently \$49 a megawatt and will expire in April 2009. The thought we have or the understanding we have is that it will not be replaced. This cap has been in place for three years. Is now the time to get rid of this, in the turmoil that we're in?

We also understand that OPG will be announcing a CO<sub>2</sub> premium on all fossil generation before the end of the year as part of the greenhouse gas strategy. This will definitely drive up HOEP prices.

The point is that the government has worked hard to help the forest industry, but these changes and some deficiencies in the existing government programs will continue to leave us on the edge of uncompetitiveness. Should we be changing power prices now, in the climate that's in the world today? Is OPG, a crown corporation, not profitable enough? My company is not profitable. Members of the finance committee, now is not the time to be taxing us by raising power rates. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation. The questioning will come from the official opposition. Mr. Hudak?

**Mr. Tim Hudak:** Thank you. Chair, I'm going to split my time with Mr. Barrett because I know he has had a strong interest in forest sector issues.

Mr. Murray, thank you very much. It's good to see you again and thank you for your presentation.

A bunch of questions, and I know Toby has some, so I'll try to be quick. You do ask an important rhetorical question but I'd like to know if you have some insight into it, as well. When you're talking about the rate increases at Hydro One and the various ones through OPG, you ask, "How can the government do this? How much profit can they make?" What is driving those significant increases?

**Mr. Doug Murray:** My understanding is that there are some infrastructure issues that need to be addressed in the grid and some of the assets that we have going forward. As the province starts to look at how they will spend their money on replenishing and redoing Ontario, should we not be looking at spending money as part of infrastructure renewal on things? If we're talking about fixing the 401, fixing bridges, putting in sewers, shouldn't we also, then, be looking at power supply systems and the increasing population in southern Ontario and to the areas—and if the strategy is to get out of coal, then that's an infrastructure issue. It shouldn't be borne on the backs of the industrial sector. If we have to put in new power lines or fix existing systems—it's like sewers; those are essential systems for our business. We don't necessarily pass all of that on to the person who is using it at the end of the day.

**Mr. Tim Hudak:** You mentioned that you're waiting for the DR2 program that's well overdue. That was something you were interested in. Can you give me some more specifics about the DR2? And then Mr. Barrett will have some questions.

**Mr. Doug Murray:** The demand response 2 program—as part of the northern pulp and paper electricity transition plan that the government put in place a number of years ago, demand response was their key component to saying, "Here's a way to lower your electricity costs going forward." Demand response 2 would allow us, in my particular facility, to shut down our mechanical pulp mill, which is our TMP. It uses a lot of electricity from 8 o'clock in the morning to 12 noon, or from 12 to 4, or from 4 to 8. We would take our four-hour window out. That would help the system not have to buy demand power from other jurisdictions to keep the limit on the peak, depending on the busy times of the day. What would happen then is we would load-shift; we would shift our power consumption to night and on the week-ends to avoid when the province uses high periods of power. If you can avoid buying that last 300 to 500 megawatts of power, you can clip off having to build certain power-sized generating stations and such forth, if you can control your demand. That is the key component on the Ontario Power Authority system.

**0910**

Last year, the contract came out as a draft, then was pulled off the website for a number of months, then came back on, then was pulled off, to the point that this October they told us, "It starts next week without a contract, but we'll start it." The second week came, and I said, "Where is it?" "Well, it's delayed another week." The next week came, and I said, "Where is it?" "Well, we're going to pull it; we'll get back to you." It has now been two years since we first introduced that program. My concern is that I talk to people at my head office and say, "Power rates are very high in Thunder Bay." "Yes, they are, but we have a demand response program coming." Well, I've been speaking about it for two years. It gets embarrassing after a while, when my superiors say, "Is it really going to happen?" Decisions are being made every day about what stays in business and what doesn't stay in business.

**Mr. Tim Hudak:** Chair, I think Toby had a couple of questions.

**The Chair (Mr. Pat Hoy):** We have about two minutes.

**Mr. Toby Barrett:** It's just a quick question, Chair.

The province of Ontario made a commitment to close all the coal plants in 2007. More recently, the Minister of Energy and Infrastructure has directed the Ontario Power Authority to investigate the use of biomass in coal plants, including the two large ones in the south. Do you have any thoughts on the feasibility of moving wood products—wood waste, pellets—to the coal plants in Ontario?

**Mr. Doug Murray:** There has been some consultation with us on this subject. We've met with OPG. We've had some brief meetings with the Ministry of Energy. I think there's a way for this to work, but we have to be careful that we don't drive the price of biomass up to the price of fossil fuel. Don't create a demand that now, all of a sudden, a tonne of biomass is the same as a gigajoule of



natural gas, which is the same as a barrel of oil, because then you'll kill the forest industry. If this mill had to run on natural gas or oil, we would be closed, because we couldn't survive. We have to be very careful that we work in conjunction with all the parties that are in business today to not create a demand for a product that drives biomass prices right up to fossil fuel prices, or we'll be in trouble.

Having said that, is there a way around it? Sure, there is. I think there's a way to make it work for everybody so that we can use some of the underutilized species in the forest, possibly lower the road construction costs and other issues, as we prepare to move that material to OPG. But we've got to be very careful that we just don't create a big sucking sound to southern Ontario with all our fibre and then drive us out of business. We can crank up electricity rates to whatever you want; I can't compete against that, if I have to buy my biomass, against the 800-pound gorilla called OPG.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Toby Barrett:** Chair, just further to Abitibi-Bowater: As many are aware, this company has had its assets seized in Newfoundland.

I wish to put forward a very brief motion for this committee:

I move that the province of Ontario commit to legislation prohibiting the seizure of assets of companies forced into restructuring or downsizing because of the decline in the provincial economy.

**The Chair (Mr. Pat Hoy):** We'll file that for report writing. I'll pass it on to the table here.

#### BRAIN INJURY SERVICES OF NORTHERN ONTARIO

**The Chair (Mr. Pat Hoy):** Now we'll hear from Brain Injury Services of Northern Ontario. Please come forward. Good morning. You have 10 minutes for your presentation. The NDP will be asking you the questions in this round. I'd just ask you to identify yourself for the purposes of our recording Hansard. You can begin.

**Ms. Alice Bellavance:** Good morning, members of the Standing Committee on Finance and Economic Affairs. Thank you for this opportunity to present to you today. I'm Alice Bellavance. I'm the executive director of Brain Injury Services of Northern Ontario, affectionately known in this community as BISNO.

I'd like to thank the current government for the significant investments made to help provide the right services for people living with acquired brain injury in their home communities. They allocated an additional \$7.94 million. One million of that was allocated for spinal cord injury, which is also a neurotrauma injury, and BISNO is currently working with the Canadian Paraplegic Association Ontario to look at a possible partnership around neurotrauma services in the Sioux Lookout area. The \$6.94 million was for new ABI services for the fiscal year 2008-09. Some of that new funding was for a 2.25%

stabilization increase for ABI-funded community services, and the other increase of \$4.8 million is still to be distributed for new services. The intention of providing an additional \$0.5 million in subsequent years to improve local capacity, access and coordination that will be allocated to the LHINs will also address ongoing stabilization.

Many MPPs will have received letters from their constituents over the past month as part of the media awareness tour of the Ontario Alliance for Action on Brain Injury. They also acknowledge the commitment of the Ministry of Health and Long-Term Care. However, brain injury is not just a health issue: It impacts many ministries.

It impacts the new Ministry of Aboriginal Affairs: the high incidence and prevalence of brain injury in First Nations communities that have little to no capacity for appropriate services for acute/rehab—delivered in regional centres. So we have people having to move to Thunder Bay to access services.

Just to clarify: Our geographic boundaries for service delivery are from the Manitoba border to North Bay, from the American border up to Hudson Bay, so we're bigger than Texas. If people want really intensive 24-hour supports, they need to move to the city of Thunder Bay. Our eight-bed residential setting has had the same eight people in it since 2003. I haven't moved anybody out because there's no place to move them to. I now have 49 people waiting for those spaces. Of those 49, 24 are living with aging parents, and of those 24, 13 have just the one parent left, so if something happens to that parent, that individual is going to require care somewhere else.

We have a high incidence and prevalence, like I said, in the aboriginal communities. It's about one third of our business. When I started 17 years ago, we didn't have any referrals. So it's getting bigger.

The Attorney General: This ministry, along with four other ministries, is involved already with some work around the human service and justice coordinating committees, which is a good start to address the special-needs populations involved in the criminal justice system. Individuals with acquired brain injury are certainly one of those special populations.

The Ministry of Children and Youth Services: especially through child welfare, paying per diems to send children in care to acquired brain injury services in southern Ontario. These kids need to be repatriated. Further, parents shouldn't have to enter care by agreement with child welfare agencies to access these highly specialized types of care, and that happens too. We also, three years ago, had to send a young man to Texas, who currently is still there. He has aged under the child welfare system, and we're paying big money, cross-border shopping again for acquired brain injury services.

The Ministry of Community and Social Services: the income maintenance programs such as Ontario disability and Ontario Works. Many individuals living with the effects of acquired brain injury live in poverty, and I'm

not going to speak to the issues of poverty; there may be others who present on that today. It's also one of the four ministries involved with the justice coordinating committees.

**Community Safety and Correctional Services:** one of the ministries involved in the justice coordinating committees.

**Economic Development:** Expanding community infrastructure would create jobs in construction and also employment in expanded programs. We're certainly hoping that the Second Career initiatives would attract more men to work in our sector because, again, disproportionately men are represented in our client population that we serve.

**The Ministry of Education:** Acquired brain injury is not an exceptionality under the Education Act, and that means children with acquired brain injury are quite often poorly served in our schools.

The Ministry of Finance oversees auto insurance, which has undergone significant changes in the past decade and a half. In all the years that I've worked in brain injury I think I've seen four iterations of it. Some of them have been good and some of them haven't been so good. They also have implications for publicly funded services, then, because if they can't access med rehab dollars through auto insurance, they have to do it on the public nickel.

0920

**The Ministry of Health and Long-Term Care,** of course, is viewed as the primary ministry responsible for acquired brain injury. The Ministry of Health Promotion focuses on prevention, and there needs to be more invested. The old adage of "An ounce of prevention is worth a pound of cure" is really critical in this field. It's now estimated that the life-long cost of supporting someone with a severe brain injury has escalated up to \$5 million from \$3 million when I started working in the field 17 years ago, so that's a significant increase.

**The Ministry of Labour** oversees WSIB, and in northern Ontario we see a higher incidence and prevalence of work-related injury resulting in acquired brain injury due to the type of work that's done here in the north, both in mining and forestry, even though the forest industry is taking a huge hit these days. Injured workers are often denied benefits because the symptoms resulting from brain injury are often deemed as pre-existing or non-compensable. This places pressure on the public sector to serve injured workers who should receive their benefits through WSIB.

**The Ministry of Municipal Affairs and Housing** provides infrastructure, and developing barrier-free housing is absolutely critical. We need another Project 3000 like we had in the early 1980s. This saw the development of specialized housing, along with the support dollars for the services that were required.

**The Ministry of Northern Development and Mines** could be involved in providing some capital support also around economic development.

**The Ministry of Training, Colleges and Universities:** There needs to be improved education in all the pro-

fessional domains that would have contact with individuals and families impacted by acquired brain injury. It's absolutely amazing that there are still medical practitioners and regulated health professionals who really don't understand the implications of acquired brain injury and how that affects individuals.

I believe the government has an opportunity to develop a comprehensive—oh, I missed the Ministry of Transportation. How could I forget them? Some 50% of acquired brain injuries are still traffic-related, and that has to do with better road construction, better legislation around enforcement for drinking and driving. Some of those things have improved over time, but more work still needs to be done. The Ministry of Transportation also regulates all of the off-road equipment that's out there in terms of ATVs and snowmobiles and boating. Certainly there have been some improvements there but, again, more needs to be done. In northern Ontario, we work hard, we play hard, but it also gets us into a little more trouble.

Like I said, I believe the government has an opportunity to develop a comprehensive provincial strategy to address the ongoing implication of acquired brain injury on this province and its citizens.

This government completed the repatriation of Ontario citizens from the US with the development of two highly specialized programs that were developed in southern Ontario. We need one in the north. We need to repatriate First Nations people closer to their home communities, in an area like Sioux Lookout, since it is already a hub for many of our most northern and remote First Nations communities.

We have an outstanding proposal to develop such a highly specialized, rural residential program for 12 individuals. It would require a one-time capital investment and then it would also require ongoing operating dollars. This would still not address the needs, but it would make significant inroads. In the past year, I've had some consultation with aboriginal service providers in the region and also with the Meno-Ya-Win Health Centre in Sioux Lookout, and they support that we focus on developing this project in Sioux Lookout.

We have had a significant increase in referrals from remote northern communities, and upon completion of rehab they are unable to return home. Individuals from as far away as Sandy Lake have had to make Thunder Bay their home—or, in the case of child welfare, southern Ontario. Visits require flights from Thunder Bay to Sioux Lookout and then home. These flights are very expensive, even more so than flying from Thunder Bay to Toronto. Siting this project in Sioux Lookout would bring individuals closer to home, and they would also be residing in a smaller community versus a large urban setting like Thunder Bay.

Today I would also like to present an opportunity for BISNO to offer a partial solution to the ongoing alternate-level-of-care crisis in Thunder Bay. As of January 1, 2009, we could have access to a five-person cluster unit through Thunder Bay District Housing Corp.



We submitted a formal submission, under the aging-at-home strategy, to the North West Local Health Integration Network; however, it was not funded. We would require \$650,000 in annualized dollars to support five individuals who require intensive 24-hour supports.

I mentioned earlier that we had 49 people on the wait-list. I just did this last week, but we approved four new people to our wait-list, so that's why the number is now 49. Of those individuals that we could support in this five-person unit, three of them are currently being supported at St. Joseph's Care Group, one is on the forensic unit at Thunder Bay Regional Health Sciences Centre, and another individual is inappropriately placed in a long-term-care facility. I've already identified where the rest of the people are living. Nine individuals are also being supported in another sector, the developmental services sector. That's funded by the Ministry of Community and Social Services. So this is an area where negotiation would need to happen between two ministries. And it doesn't happen at the local level here; it needs to happen at Queen's Park, because it means transferring resources between one ministry and another.

**The Chair (Mr. Pat Hoy):** You have about a minute left.

**Ms. Alice Bellavance:** Okay. I think I'm getting to the end too.

The other nine individuals are being supported in other facilities like St. Joseph's Care Group, North Bay Psychiatric Hospital, Penetanguishene; there's an individual in Kirkland Lake district hospital, and many are also placed in long-term-care facilities—so, people who are in their 20s, 30s and 40s in long-term-care facilities.

These, of course, are congruent with Tom Closson's report. He was a special adviser who had been retained by the previous Minister of Health, George Smitherman. I'm not going to specifically read all the recommendations that he made with regard to the restructuring of health services in northwestern Ontario, but I will speak to when the Honourable George Smitherman, Minister of Health, was in town in August 2007 regarding the Centre of Excellence for Integrated Seniors' Services. He made the following commitment for the care group in terms of 336 long-term-care beds, 132 supportive housing spaces, enhanced community services for 120 new clients, increased community care access services for 30 clients, and enhanced supportive housing units.

This certainly addresses some of Closson's recommendations; however, it only relates to seniors. It does not meet the needs of individuals affected by acquired brain injury or the physically disabled. It is our hope that consideration of our request would begin to address some of these needs for those with brain injury. Hopefully you will hear from Hagi Community Services for Independence for individuals with physical disabilities. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation. The questioning will come from Mr. Prue of the NDP.

**Mr. Michael Prue:** Thank you very much. You've written here, and spoken about, "an outstanding proposal

to develop a highly specialized, rural residential program for 12 individuals...." How far is that? Has that already received planning process?

**Ms. Alice Bellavance:** No. It's on the radar screen. That's as far as it has gotten.

**Mr. Michael Prue:** So it's not ready to be built, or ready?

**Ms. Alice Bellavance:** Well, if we had the funding, then we'd get on it. But you don't spend money on getting that kind of work done unless you get some commitment.

**Mr. Michael Prue:** When was this made? When was this proposal—

**Ms. Alice Bellavance:** The proposal was written 10 years ago already.

**Mr. Michael Prue:** And there has been nothing forthcoming in the 10 years?

**Ms. Alice Bellavance:** No.

**Mr. Michael Prue:** How long do you think it would take, if the government were willing to give the money, for it to be up and operating? The reason I'm asking this is that there is likely to be a great deal of infrastructure money being made available across the province because of the recession, and I'd like to make sure that Sioux Lookout—the north—gets some. How long do you think it would take for a shovel to go in the ground?

**Ms. Alice Bellavance:** For a shovel to go in the ground? If we were to get an approval at this time of year, I would expect we could get a shovel in the ground within a year. I have someone working on some tentative drawings and things like that, just so that we have a bit of an idea. I certainly have a vision of what it needs to be and what it needs to look like. It would be very similar to what we already have, so it's not like we're starting at square one.

**Mr. Michael Prue:** For 12 individuals—this would only cover about a quarter of all of those you need to cover.

**Ms. Alice Bellavance:** That's right.

**Mr. Michael Prue:** What other communities might you look at as well as Sioux Lookout? Where else do you think they should be appropriately housed?

**Ms. Alice Bellavance:** If we had additional resources—right now, we have one full-time worker on the ground in Kenora and we certainly have enough business to make it two full-time positions in Kenora. We certainly could have a full-time position in Fort Frances, Dryden, Red Lake, probably a part-time position in Atikokan and some of the smaller communities. But we could easily have enough work for probably half a dozen full-time equivalents in our smaller communities just west of here. I haven't even started talking about the ones along the North Shore in terms of Geraldton, Long Lac, going into Manitouwadge and Marathon. There are some long-term supportive housing spaces offered through the Ontario March of Dimes in Sudbury, but again, if they're really complex, multi-jurisdictional individuals, they come to us because we're the only transitional centre in the north.

0930

**Mr. Michael Prue:** And not only the workers that would be there—all of them could use new facilities?

**Ms. Alice Bellavance:** Not necessarily all of them need new facilities. Of the 200 people that we serve right now through BISNO, 14 are in 24-hour residential-care settings. The rest are living at home, either in their own apartments with regular support, or they're living with family, or they may have informal supports through friends and some other generic service providers—like if they need homemaking support through the CCAC or attendant care support through an organization like Hagi or through NILS, which is in the Kenora-Rainy River district. We certainly partner with an awful lot of agencies to deliver a comprehensive package to individuals.

I know that a number of years ago we did a position paper that if all of the community support service agencies with the Ministry of Health had to deal with their extensive waiting lists for the programs in the district of Thunder Bay, we were going to need an additional \$20 million of annualized operating. For BISNO to deal with everybody on the waiting list—I'm talking about 49 people who are waiting for 24-hour supports; we also have about 60 people who need community-based supports or outreach supports. For us to meet the demand for all of the people on our waiting list, we would need annualized money of \$6 million a year, to serve everybody.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Ms. Alice Bellavance:** Thank you.

#### CITY OF DRYDEN

**The Chair (Mr. Pat Hoy):** Now I'd ask the city of Dryden to come forward please. Good morning.

**Ms. Anne Krassilowsky:** Good morning.

**The Chair (Mr. Pat Hoy):** You have 10 minutes for your presentation. Questioning will come from the government in this case, up to five minutes. I would just ask you to identify yourself for our recording Hansard.

**Ms. Anne Krassilowsky:** Mayor Krassilowsky, from the city of Dryden. Mr. Chair and members of the standing committee, I thank you for the opportunity to address you this morning.

I am not sure if you all know where our city is. We're a small city of approximately 8,100 people. We were a little bit more, but due to the forest industry crisis we are less. Certainly, the impact of the manufacturing downturn in the auto sector has been with northwestern Ontario and the city of Dryden for many years, for several years now, in the form of the forest sector crisis.

*Interjection.*

**Ms. Anne Krassilowsky:** Sorry. I don't have a very loud voice.

As I've said, we are a relatively small community, a small city, with pulp and paper having employed 1,200-plus jobs, and we are now down to 330 jobs. We have a

paper-industry mill with only pulp creation at this moment. We need to hang on to those jobs.

The budget that you bring down and your minister will bring forward needs to support the entire manufacturing sector. We understand that, but we ask for an extra level of support to communities that are single-industry dependent.

In this month we have the MPAC reassessment for our mill, and it has gone down from \$65 million to \$50 million. That was before we lost our paper machines. As you know, we've had the recent announcement of 195 fewer jobs in our community. Multiply by that by families and indirect and direct business, and it is devastating to the community. DONTAR of course is appealing that assessment, and I imagine, with the extra loss of 195 jobs, there will be some impact more and an increased impact to our community.

We are already investigating and looking into a special assistance grant from the Ministry of Municipal Affairs and Housing to help us in this transition, because the loss of municipal tax revenue is expected to exceed \$1 million. That's huge dollars for a community of our size. We are looking at a capital budget that includes projects funded strictly from the Investing in Ontario Act. There is no extra money to do anything else.

Our policing costs are huge; they are growing with the devastation in the community. Our health care needs are growing, and we are also looking at the homes for the aged capital levy, which will increase as well.

Our city's critical infrastructure project is a \$30-million waste water treatment plant. When we started our applications, we were probably between \$18 million and \$21 million. We did COMRIF one, COMRIF two and COMRIF three. We have now applied under the BCF communities component, and we are really hopeful and trusting that we will be considered this time around.

I also urge that the BCF communities component money be increased substantially and that it move forward as quickly as possible so that we can stimulate the construction and the growth in our community of jobs that we have lost. I can't urge you enough on that point. The current band-aid approach that we have to fixing our waste water treatment is draining money, again, from the community and it is investing good after bad. It's just not a way to go.

We appreciate the OMPF guarantee, but we understand it is only at the point of 2007. Costs have increased substantially since then. We did receive \$177,000 in additional OMPF police funding in 2008, but our police needs are going through the roof. We also have an increase, from northern communities, of young people in our community. We have eight group homes, which was a surprise to us; we were not consulted. We appreciate the fact that we're able to have those homes. At the same time, they're addressing our police costings in a way that just takes them through the roof for our community. We also need something that enhances their growth in our community. We have young people who are without a youth centre. We have people in the community now



with not a lot of after-hours parenting and no support of premise. Without that, that's only going to continue to increase, and it does not help the young people.

The uploading of services on Ontario Works and court security is a fairness issue, and we appreciate how important that is to the north. It also needs to be moved up. Again, those costs are going through the roof and we cannot continue to support that without expense to the community. Loss of mill revenue means the city has to consider significant service-level costs. Our tax increases are very difficult to pass on when so many in the community are unemployed. We have actually asked council for, and council has recently supported, a wage freeze in our community. We have, in fact, one whole department in our hospital where their spouses have lost their jobs at the mill. If they lose and have to move on, then we have a hospital without the necessary support to that department. It's huge. The impact from the forestry crisis, from the restructuring in the mill, is no less than the auto sector. I can appreciate, as I'm sure you can, that if you lose your job through auto, through forestry or for other manufacturing, the result is devastating.

I ask that money be invested in better training for our laid-off workers in order to keep the population base across Ontario. Forestry workers affected need to be retrained as soon as possible, as they do in the auto sector and other indirect job loss. If we continue to depopulate, our economy will shrink, and support from all levels of government will also need to be increased.

We are looking at strategic investment by the province in areas such as mining, MNR and local services like our airport in order to stimulate private investment. Our airport supports health, fire—all of those necessities in the far north. We help a lot across the north. We are a very important regional fire centre, and although that helps us support our airport, we feel that there should be provincial support and federal support as well in the airport for the services that we provide.

Mining is a key growth industry across northwestern Ontario and almost across Ontario in the north. We are working under 1940 geoscience mapping. We ask that you make that current. That is so old. It's like our hydro lines. They are so old; they're antiquated. A lot of our communities are suffering from loss of power. If you're going to increase manufacturing, if you're going to look for any other jobs that support your community—without power you can't do it. You cannot rob the community that is already suffering to support—probably we've swung to the NOMA side, so I'll back up. We support AMO's recommendations in regard to infrastructure projects and funding. We need that to happen now and we will deliver the same message to Minister Flaherty as we move forward.

0940

Our policing family stress, our commuting families who are kissing their kids goodbye from thousands of miles away, the destruction to the family, the health care costs—social, physical and mental—are going to rise considerably across not only Dryden but northwestern

Ontario and probably across Ontario. We need to keep our people working and we ask you to do that by moving funding and projects forward as soon as possible.

Certainly, our appreciation to Minister Duncan for coming to Thunder Bay—and making our access to this committee possible to lessen travel costs for all of our communities. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation. The questioning will go to the government, Mr. Arthurs.

**Mr. Wayne Arthurs:** Your Worship, good morning.

**Ms. Anne Krassilowsky:** Good morning.

**Mr. Wayne Arthurs:** It's good to see you here. Thank you for taking the time. I'm going to ask you just three questions and you can pick and choose the amount of time you want to spend on any of the three or all of the three, as the case might be, in the five minutes that we have.

If we're looking at principally single-industry towns—any suggestion you would have on any specific way or any specific enhancement that would be of benefit in the relatively short term, the next couple of years, as an example?

Secondarily, the only capital investment you can do this year is invest in Ontario—I think that's what you were saying—and the Investing in Ontario Act allowed you to do some capital work. What will your priorities be for your 2009 budget, then, within that small envelope, given the size of the municipality?

Three, how significant does policing remain from the standpoint of needing further resolution? Over the years, we've dealt—sort of a one-off—with one or two communities in northern Ontario where policing was literally breaking their backs. I wouldn't suspect it's very much different for Dryden, but I'm not sure.

Any or all of those three, in the little bit of time we have, would be appreciated.

**Ms. Anne Krassilowsky:** Is it possible, I guess, to share a part of the provincial resource-sharing of funding, of those resource taxes? Because it is difficult to operate the way we are right now, and that's a possible solution to some of our concerns—probably in answer to your first question. Do we look at an income tax structure? Do we look at things of that nature that would certainly benefit all of the communities across northwestern Ontario, not only Dryden?

The Investing in Ontario Act funding: We have a leaking roof on city hall, as many of the municipal structures have across the northwest. We have to fix it. It's deteriorating to the point that you have to invest in it; there's just no other way around. So a lot of that Investing in Ontario money went to restructuring and refurbishing, if you will, of a lot of the municipal assets.

Policing costs: How do we solve that? I didn't quite hear your question.

**Mr. Wayne Arthurs:** I know it's a significant and on-going issue. Over the last few years, there was a point where I think we found some resolution on a one-off basis for one or two municipalities, if I recall. But, none-

theless, how significant does it remain? Would it be a priority, from the standpoint of your budgetary capacity as a municipality, to deal with that item as opposed to any other? If you had to pick one—there's certainly not one fix for this problem, but would it be the highest priority or are there others that are more important?

**Ms. Anne Krassilowsky:** It's almost an unanswerable question, but when you look at the fact that last year alone—and I do sit on the police service board for Dryden—we were probably \$300,000 over budget, that's huge. But the cost, as I say, of the group homes and of keeping our children better activated than finding their way to the jail is certainly a prime concern to our city—the destruction that could come from that, the stress on the families who are already existing in the community. Where do we put the money? It's just an almost unanswerable question. So much is a priority, but policing costs are definitely a must.

How do we ask? We are, of course, asking them to look at a wage freeze as well. I don't know how that's going to work, and we don't know how that's going to come out with the unions, but certainly the non-union staff are going to be forced to go there.

**Mr. Wayne Arthurs:** It would appear that at least the Investing in Ontario money is going to be spent very locally if you're doing municipal restructuring, such as the roof on a city hall. You're going to be able to employ local folks to do some of that work through local contractors, I assume?

**Ms. Anne Krassilowsky:** Unfortunately, it's a rubber membrane roof, and of course that has to come from Thunder Bay. So it helps Thunder Bay, I guess.

There are some things we can do and there are a lot of things we can't. We still have to maintain the roads as they are today. We know what that costs us in snow removal. I'm sure you can appreciate that more and more every day. All of those costs still exist. We have those jobs that are in place, and how do you take them away from the regular service to the community and ask them to do other—that they may not have the skills to perform.

**Mr. Wayne Arthurs:** Chairman, I have a 10-second commercial, if I could.

I'm sure you know the Bourre family in Dryden, with a small community. Farrah, one of their children, was an employee of mine. If you have a chance to say hello to the family for me, I'd appreciate it. Thank you.

**Ms. Anne Krassilowsky:** I certainly will. We have a lot of people from Dryden who find their way around the world.

Thank you so much for the opportunity.

**The Chair (Mr. Pat Hoy):** Thank you for your submission.

#### ONTARIO ASSOCIATION OF OPTOMETRISTS

**The Chair (Mr. Pat Hoy):** Now I'd ask the Ontario Association of Optometrists to come forward, please. Good morning. You have 10 minutes for your pres-

entation. There could be up to five minutes of questioning, and this time it will come from the official opposition. Please state your name, then you can begin.

**Dr. William Ulakovic:** Good morning. My name is William Ulakovic. I'm the current president of the Ontario Association of Optometrists. I'm in private practice in Thunder Bay. I welcome the opportunity to come today to make a presentation to you. I'll also say hello to Michael Prue, who I met at our Queen's Park event a couple of months ago. Hi, Michael.

Certainly, I know the course of your presentations today will be not unlike the previous presenter from Dryden, with respect to the forest industry and mining and the economic impact that it has on northwestern Ontario. My presentation today is quite different. I'm happy to say we're not here to ask for any money, but I would like to just take a few minutes to bring this committee up to date on health care and optometric care for Ontario.

We have three issues that I've handed out to you today. Some of you—certainly Michael and the other members who have been supporters of optometry—are familiar with the diabetes strategy that the government currently has in place. We'd like to see—

*Interjection.*

**Dr. William Ulakovic:** Sorry?

**The Chair (Mr. Pat Hoy):** We're having some folks say they can't hear you very well. Could you get a little closer to the microphone?

**Dr. William Ulakovic:** Oh, sure.

**The Chair (Mr. Pat Hoy):** We'll try to adjust that over the time—

**Dr. William Ulakovic:** I can certainly speak louder if I need to.

**The Chair (Mr. Pat Hoy):** It's helping. Go ahead.

**Dr. William Ulakovic:** Thank you.

Not to reiterate, but I'm only here today to bring some of the members of this committee who aren't as familiar with optometric care for the patients and people of Ontario up to date on three different strategies and ongoing concerns that we have with the sitting government.

A diabetes strategy is currently in place for us, as practitioners, to provide ongoing optometric care—eye care—for diabetics. We have a significant number of diabetics in northwestern Ontario, particularly in the aboriginal population. Some days in my practice, I spend half a day seeing patients who are diabetic, and we're happy to provide that care. Currently, diabetics in Ontario are covered for annual examinations outside of the OHIP and we'd like to ensure that that is kept on an ongoing basis.

The second issue is really an issue that has been ongoing. I know some of the MPPs at the table have been constantly bombarded with requests from optometrists in their own municipalities with regard to TPA regulations. We've been promoting TPA regulations to the government for the last—certainly as long as I've been in practice, which has been 20 years now. Bill 171 has been passed to allow optometrists to prescribe for treatment of



eye disease. It's a huge issue for us in northwestern Ontario, particularly in communities like Dryden and Kenora, where there is only care provided by optometrists for any eye care needs. The TPA regulations that have been passed are still sitting waiting for final approval, and in order for our College of Optometrists of Ontario to put these regulations into play, they have to continue to be expedited through the government process. It's an issue with respect to saving costs and it's an issue with respect to reducing waiting times in hospital emergency rooms and physician care. All of these needs can be met efficiently and certainly in a more timely basis by patients visiting their local optometrist in these communities, not only in northwestern Ontario but across the province.

0950

I urge all of you, if you have any input or are following up on the TPA regulation, to ensure that that is passed in a timely manner. We've been waiting a long, long time for that, and so has the public of Ontario.

The third and final item I'd like to bring to your attention is as a result of some of the economic downturns in Ontario. Some optical retail outlets have been providing free eye exams in order for their customers to purchase eyeglasses. This is an illegal activity. It's not going on in our area of Ontario, but it does go on in some of the GTA and greater Horseshoe area. We're concerned that the public is being put at risk by going into an optical store to have their prescription checked so that they can buy a pair of glasses. These certainly are not comprehensive ocular health examinations, and we have some concerns that there is going to be risk to the public by misdiagnosis and by missing eye diseases which would only be picked up on a comprehensive eye exam by either an optometrist or a physician.

Those are my three points. I appreciate the time that you have today. I know you have a full schedule. I'm not here to ask for money. I just wanted to bring you up to date on where optometry is in Ontario. I'd be happy to take any question.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to the official opposition, Mr. Barrett.

**Mr. Toby Barrett:** Thank you, Doctor, for presenting on behalf of the optometrists. You've indicated that in June 2007 the legislation was passed as part of the Health System Improvements Act. We're almost into 2009; what would be the holdup? I assume there's a fulsome package of regulations sitting there. They've probably gone through additions and deletions and any changes. What has happened since June 2007?

**Dr. William Ulakovic:** The regulations have been passed. The stakeholders have all approved. The OMA and all of the other stakeholders have had no issues—pharmacy etc. So those have all been passed into regulation. My understanding is that HPRAC is currently undergoing a non-physician prescribing survey or—

**Mr. Toby Barrett:** Which group is that, sorry?

**Dr. William Ulakovic:** HPRAC, the health professions regulatory—and they are concerned right now with

respect to prescribing drugs in terms of lists or schedules. We have put in our regulation that we would like drugs to be authorized in terms of a schedule. In other words, we would like a schedule of drugs for glaucoma treatment. If it is put into a list of glaucoma drugs, those drugs change almost sooner than the list is finalized, which means having to go back and reapply for a new drug every time one does come out. So a schedule of drugs is the way to go. Unfortunately, nurse practitioners have lists of drugs, and they're very unhappy with that because it does handcuff them. When new hypertensive drugs come available, they can't use them if they're not on their list. I think that's what the holdup has been right now, to my understanding.

**Mr. Toby Barrett:** You mentioned the free eye tests. My father-in-law was an optometrist, and my optometrist, Dr. Yoshimura in Simcoe, has what seems like a very comprehensive office with the technology—a fairly newly established practice. What is the difference between that kind of office and an office run by an optician—is that the term?

**Dr. William Ulakovic:** Yes.

**Mr. Toby Barrett:** What's the difference? I haven't been in the other office.

**Dr. William Ulakovic:** Sure. An optician certainly works within the same community that the optometrist and ophthalmologist work in. The optician provides glasses based on a prescription provided by an optometrist or an ophthalmologist, in order to fill it for eyeglasses or contact lenses. An optician is not a regulated body that can provide an eye examination. Although it's in the public interest that they can do an examination to determine a prescription for glasses, they can't prescribe those findings unless it's verified by an optometrist or a physician.

**Mr. Toby Barrett:** Do they have equipment in their facilities?

**Dr. William Ulakovic:** Well, they can purchase equipment that's similar to what optometrists and ophthalmologists use, but they're not allowed to prescribe from the findings of that equipment, and that's what's happening in some of the areas across the province.

**Mr. Toby Barrett:** Mr. Hudak may have a question.

**Mr. Tim Hudak:** Yes. Thank you to my colleague, Mr. Barrett.

Just following up on his questions around the TPA regulations, have the optometrists calculated the potential savings to the Ministry of Health budget from allowing this new scope in services?

**Dr. William Ulakovic:** Yes, we have, and we've been doing that for the last 15 years. It really impacts hugely on the emergency care at hospitals right now, where patients are going in for the treatment of eye disease that could be quite easily—

**Mr. Tim Hudak:** Could you give us a rough estimate of what the savings would be to the budget?

**Dr. William Ulakovic:** I don't have the numbers in front of me. I certainly can get that if you wanted.

**Mr. Tim Hudak:** If you don't mind, through our clerk, and he can distribute that to the committee members.

**Dr. William Ulakovic:** I'd be happy to give you that. We have updated information from the last fiscal year.

**Mr. Tim Hudak:** If you look at your colleagues in other provinces, is that scope of practice typical, is it more advanced, or are we still behind other jurisdictions?

**Dr. William Ulakovic:** In terms of optometric practice?

**Mr. Tim Hudak:** Exactly.

**Dr. William Ulakovic:** While our University of Waterloo school of optometry is certainly in the forefront of optometric education in North America, the only thing that really is holding back the scope of practice in Ontario is the regulations that I've just described to you. Every state in the United States has had TPA regulations passed for several years. Half of the provinces in Canada have had TPA regulations passed for their optometrists to be able to treat eye disease. Ontario is lagging behind in that regard.

**Mr. Tim Hudak:** So it's a catch-up measure, which I guess re-emphasizes the importance of getting those actually into practice.

With respect to the diabetes strategy, we've had a number of deputations from different health care providers on the importance of pursuing that. To your recollection, has there been money actually set aside for the optometry role in the diabetes strategy, or do you need new funding allocated through the upcoming budget?

**Dr. William Ulakovic:** There are two answers to that question. We do have coverage, as I mentioned, for diabetics within the OHIP scheme on an annual basis. They have coverage for that. There is a new diabetes incentive that is currently being negotiated through the government and the Ontario Association of Optometrists that will provide extra funding to ensure that diabetics are recalled on an annual basis and are followed up on an annual basis. That funding is currently in place; it hasn't been approved. We're in negotiations with that. We're hoping that this is going to come to fruition and continue on a yearly basis.

**Mr. Tim Hudak:** Do you know the approximate level of funding?

**Dr. William Ulakovic:** It's \$600,000.

**Mr. Tim Hudak:** Okay. Thank you.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation.

**Dr. William Ulakovic:** Thank you very much.

**The Chair (Mr. Pat Hoy):** I remind members that your BlackBerries near to the microphones are causing havoc for those with headphones on, so just keep them away from the microphones if you can. Off is preferable.

#### KINNA-AWEYA LEGAL CLINIC

**The Chair (Mr. Pat Hoy):** The Kinna-aweya Legal Clinic—I see you are seated. You have 10 minutes for

your presentation; there may be five minutes of questioning following that, put to you by Mr. Prue of the NDP. I would just ask you to identify yourself for our Hansard recording.

**Ms. Sarah Colquhoun:** Thank you. My name is Sarah Colquhoun and I am the coordinator of legal services at Kinna-aweya Legal Clinic.

Kinna-aweya Legal Clinic is funded by Legal Aid Ontario to provide poverty law services to low-income residents of the district of Thunder Bay. We focus primarily on income maintenance issues and tenancy matters. In addition to providing summary advice and ongoing casework, we provide community legal education and do community development and law reform work towards systemic solutions for the problems that our clients face with respect to the social assistance system and housing issues.

Our clients are for the most part people who are struggling to survive on social assistance in Ontario, a struggle that is becoming more and more desperate. Social assistance recipients are not a vocal constituency. Because of the demonization of people receiving public assistance in the past, many recipients are deeply ashamed that their circumstances have forced them to rely on welfare or disability benefits. They have internalized the myths that have become prevalent in our society, that people on welfare are simply lazy or need to be motivated by compulsory work-for-welfare schemes.

Most people who are struggling day to day to pay the rent and feed their kids don't have much energy left to be political. They are not in a position to speak publicly about the debilitating effects of trying to cope with not having enough money to meet their basic needs.

Our office therefore welcomes this opportunity to speak on behalf of our clients and to urge the government to recommend a significant increase in spending on social assistance and housing in the coming budget.

We are very pleased that this government has brought the issue of poverty back onto the political agenda and is committed to a comprehensive poverty reduction strategy. The recent report of the cabinet committee on poverty reduction, *Breaking the Cycle*, contains many positive initiatives, and we are encouraged by the government's commitment to deal with the issue of poverty in a comprehensive and proactive way.

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But social assistance recipients cannot wait for the process of developing programs to break the cycle of poverty, such as the suggestion—which is a great suggestion—of summer job programs for kids in targeted neighbourhoods. That's a great long-term strategy, but people on social assistance need more money now. It will not be possible to develop a useful poverty reduction strategy in the context of hopelessly inadequate social assistance rates. I'd like to spend just a few minutes talking about the amounts of money that people get on social assistance these days.

Nobody chooses to be on social assistance. It is an income of last resort; it is the bottom of the safety net.



People are on assistance because they've lost a job, they've lost their spouse, they are ill, they are living with a disability. Program changes have tightened eligibility requirements, and there are now many people who have no income or assets but still are not eligible for social assistance benefits.

Everybody who is receiving benefits has been through the process. They have been screened; they have provided all the documents. They are eligible for assistance and they need assistance, but they don't get enough money to meet their basic needs. The amount that a single employable person receives is not enough to pay rent and buy food, let alone any other necessities such as clothing and transportation. It is not a matter of budgeting more carefully; the amount of money that people receive is simply inadequate to meet basic needs.

The 2% increase—it's very misleading to talk in percentages when you're talking about such small dollar amounts. There was a 2% increase in November. For me, a 2% salary increase is great; I'm pleased about that. But for a single person on social assistance, in terms of actual dollars, you're talking about \$12 a month with a 2% increase. And interestingly, it is the exact same dollar amount that a 2% increase was last year, because the amounts are so low that the 2% increase isn't any more, in terms of dollars, than it was last year.

The amounts are hopelessly inadequate when you compare them to the actual cost of shelter. Even just a room by the month in a rundown hotel in Thunder Bay costs more than the maximum amount for shelter that a single person receives. So everybody, unless they are in rent-geared-to-income housing, has to pay some of their basic needs money for shelter. And the basic needs amount is so low. For a single person, it's \$216 a month for everything other than your shelter.

It's important to remember that we're talking about people who everybody agrees need to be on social assistance. We're proud, in our province, that there is a social safety net to protect people who are temporarily out of work, who have barriers to finding employment, who have not much formal education, perhaps, or have disability issues. They are doing what they're supposed to do in order to find work. They might be unable to work for a period of time because of health problems. Everybody agrees that these people need help, and we are proud in our province to have a program that provides assistance to people. People who have to rely on social assistance should get enough money to pay for the necessities of life.

There needs to be a significant increase in the social assistance rates. It is not enough to deal with these sadly inadequate rates through programs like the rent bank for emergency rent, and the utility fund. Those are important programs to have in place, but we shouldn't be relying on them and expect that people are going to have affordable, sustainable housing because there's a rent bank so that if you fall behind for a couple of months, you can, one time in two years, go and perhaps get some money—if they have any money left in the budget, which frequently they don't.

Decreasing the number of families living in dire poverty would positively affect the budget in many other ways. Poor people have more health problems. Children living in poverty have more challenges in the education system. People end up in the criminal justice system because of poverty.

Social assistance recipients would die without food banks and soup kitchens and emergency shelters. This isn't because they lack budgeting skills or are frivolous with their money. It is because they don't get enough money to allow them to eat every day.

People with disabilities who have managed to navigate the treacherous application and adjudication process of the Ontario disability support program are initially thrilled at the increase in their income. So that single person who was paying \$450 a month with a cheque of \$572 on Ontario Works now will be receiving \$1020, and for the first little while they're thrilled, until they realize that the amount is still thousands of dollars less than the basic poverty line. They're basically sentenced to a life of living in poverty once there's a recognition that they probably will be on benefits in the long term.

The minimum wage is an important part of this whole piece. It's not enough just to raise social assistance rates, but the minimum wage needs to be increased to a level that will allow people to work full-time and support themselves. At this point the minimum wage, if you're working full-time, is only two thirds of meeting the basic poverty line. In 1976 it was only 10% less than the poverty line. So in 1976, if you were working full-time at minimum wage, you could pay rent, buy food and have transportation, and no problems. These days, you're probably still eligible for a top-up from social assistance, because the minimum wage is too low.

The lack of stable, affordable housing is a serious problem for low-income people. We're delighted that this government is recognizing that an affordable housing policy would be a cornerstone of the poverty reduction strategy, but we need affordable housing units now in every part of the province. Again, the rent bank provides one-time assistance to tenants who have fallen into arrears. It's an important program to have for people who have a crisis and end up using their rent money for something else, but it doesn't do anything to provide adequate, affordable housing and it shouldn't be the basis of trying to maintain people's housing. It's supposed to be an emergency program. People should be getting enough money each month to pay their rent.

We know that the federal government should be taking a lead in developing a housing policy across the country and providing additional funding, but it's essential that the provincial government move ahead regardless of the involvement of the federal government and also that the provincial governments put pressure on the federal government, not only in terms of the lack of a federal housing program, but also employment insurance, which is a federal program that has a huge surplus. Instead of paying benefits to people who are out of work, they have a huge surplus in the program that they just apply to

general revenue, which is extremely unfortunate and would go a long way to helping provinces be able to afford better social assistance programs, if people who should be getting employment insurance were receiving it.

**The Chair (Mr. Pat Hoy):** I'll just remind you that you have about a minute left.

**Ms. Sarah Colquhoun:** I'll just finish by saying that at the poverty reduction strategy meeting, when they were going around the province in the spring, Minister Matthews said that poverty is a difficult, complex problem that's not going to be solved "just by throwing money at it." My response to her, then and again, is, how do we know that? Nobody's tried to solve poverty by throwing money at it, by just increasing rates up to where they should be. If people get enough money to pay rent and buy groceries, they don't need to go to food banks; they may not need, as often, to go to emergency shelters. We're developing these complicated programs like the Ontario child benefit and emergency responses like food banks and emergency shelters, all of which are under-resourced. Give people enough money to pay rent and buy groceries and they will. In terms of economic stimulus, all of that money's going to be spent in Ontario, in our communities that are hurting. All that money's going to be spent in grocery stores and second-hand furniture stores and paid to small landlords. The increase to social assistance rates would be a great economic stimulus for the province.

We appreciate the opportunity to provide our input to you. We recognize that you have numerous competing demands and we hope that you'll remember the most vulnerable citizens of Ontario in your difficult budgeting process. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you. Mr. Prue will be asking you questions.

**Mr. Michael Prue:** Thank you for your passion. What you're saying here about the rates is absolutely true. This present government, over the last five years, increased the rates by 3%, 0%, 2%, 2% and 2%, but the last three increases of 2% were only for half a year. I don't know whether you were aware of that.

**Ms. Sarah Colquhoun:** It takes so long for them to reprogram their awful computer system that they make the announcement in the spring and it doesn't happen until November.

**Mr. Michael Prue:** I've put this to other people. People are actually worse off today, under this government, than they were under Mike Harris.

**Ms. Sarah Colquhoun:** In terms of actual dollars, probably not much better off. I'm not sure that it's worse off.

It's really interesting. I've been doing this job for a long time. When I started working at the clinic in 1984, a single person on social assistance could get a maximum of \$668 a month. That was in 1984. If somebody had been denied or cut off benefits and you got them back on, you were confident that was a good thing for them. That

meant they were then going to get into stable housing and buy healthy food.

Now, that same person, 25 years later, gets \$572 a month. I mean, when you look at it not in terms of percentages but in terms of actual dollars, it's such a meagre amount of money. Think about what we spend money on just for basic necessities like food and shelter. Just try to imagine trying to do that with so little money. Each year we see things getting worse and worse for the people we work with, and it's quite frightening, worrying about what's going to happen to people.

**Mr. Michael Prue:** I have twice, since I've been a politician, gone on the welfare diet for two weeks: \$12 a week to eat on. That's about what people spend on average in Toronto.

You make the point here, and a very realistic one, about percentages. It's true. The Premier just announced that MPPs are only going to get a 1.5% increase this year. But 1.5% on what we earn—

**Ms. Sarah Colquhoun:**—is thousands of dollars.

**Mr. Michael Prue:** Yes, it's a couple of thousand dollars. It works out to about \$175 a month. The percentages here are so low. Should we be looking not at percentages but at actual dollar amounts?

**Ms. Sarah Colquhoun:** The Liberal government in 1988 was looking at a market-basket approach, where they actually said that the health unit has a market basket. They said for a family of four, this is how much you need to spend to have a healthy diet, this is how much the average cost of housing is in Ontario and this is how much you need to have a telephone. In 2008, I think most people would recognize that it's a necessity to have a telephone. In the market-basket approach you look at what things cost and what people should be expected to have in a modest household. Obviously, we're not expecting luxury of any kind.

But that has never been done since then. They were looking at it in the late 1980s and then there have been elections and various things have happened, and nobody has gone back to looking at the market-basket approach. Then fortunately, that was one of the things in the poverty reduction strategy. They're talking about sort of a rates review board, but they don't think they need one yet. We think they do. We think you do need to look at the actual cost of basic needs in the province and whether people are getting enough money to meet those needs.

**Mr. Michael Prue:** The government strategy is primarily focused on children, and purposely. But it does—and I've said this, and I'd just like your comment—leave out a broad swath of people, those who—

**Ms. Sarah Colquhoun:** A broad swath of people. Single people—

**Mr. Michael Prue:** Mostly disabled, and—

**Ms. Sarah Colquhoun:**—couples with no children, people with disabilities, all of those. It's great to be looking at child poverty, but you can't ignore the rest of the poor people. Poor children, I guess, are cuter than some of the other poor people, but you can't just focus on them entirely.



**Mr. Michael Prue:** Thank you.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation. We'll take a short recess. To my understanding, two presenters are in the building and the clerk has gone to look for them. So we'll just take a short recess.

*The committee recessed from 1014 to 1022.*

#### NORTHWESTERN ONTARIO MUNICIPAL ASSOCIATION

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will come to order once again. Our 10:45 is willing to present now—the Northwestern Ontario Municipal Association, if you would come forward, please. Good morning, once again.

**Ms. Anne Krassilowsky:** Good morning.

**The Chair (Mr. Pat Hoy):** We appreciate your being able to accommodate the committee at this time. I would just ask you to identify yourselves for the purposes of our recording Hansard. You'll have 10 minutes for the presentation and, in this round, the government will be asking the questions. Go ahead.

**Ms. Anne Krassilowsky:** Thank you. Good morning, again. I'm Anne Krassilowsky, president of the Northwestern Ontario Municipal Association.

**Mr. Iain Angus:** Iain Angus, vice-president of NOMA and councillor for the city of Thunder Bay.

**Mr. Tom Wilson:** Tom Wilson, executive director of NOMA.

**Ms. Anne Krassilowsky:** Tom is our new executive director.

Starting this morning, the majority of the member communities of NOMA have identified infrastructure funding as one of the required priority actions to buffer the catastrophic economic downturn in our economy.

Our communities are facing job losses in the forest industry, and that is multiplied by the loss to the municipal tax base. We would also ask that this infrastructure funding, any infrastructure that's going to be proposed under the community components, be increased as well as moved ahead quickly. Projects like this will keep affected workers and their families in their homes and in their communities. These are much-needed projects that will help to solve the infrastructure deficit. These jobs will help keep families together, keep kids in school and keep communities together. Projects and jobs will help to ease the Ontario Works, police and health costs, which are already growing as we speak.

I think there also needs to be an increase in the amount of the communities component, as we've said. The infrastructure deficit is huge across the province, no less so in northwestern Ontario, and I think this is a way to provide a solution for all of our communities and jobs that are so badly needed at this time in history. NOMA understands that there would be a deficit to the government within the government proposals, but I don't think it's a case of "Is there a deficit?"; it's "How big will it be?" We need that to recognize rural Ontario as well as the cities within the province.

The economic development funding is required to assist communities to develop new enterprises, be they small, medium or large, that will provide sustainable jobs and a tax base as they transition to the new economy.

One size does not fit all, and we say that in regard to infrastructure funding. Some communities can do some of the work. They may have the capacity to build roads, bridges or buildings, or refurbish existing buildings, but not all communities have that. Then you have to add the weather factor that has to be taken into consideration, as we've said many times. Again, in northwestern Ontario, besides the weather which controls our construction time, there's the cost to build or redesign anything in northwestern Ontario. Those are always added costs, because the needed resources are so far away and they're very costly to our communities. Again, the challenge is in bringing in the specialists and those who can do the job. Those are all additional living costs, as well as the cost to do business.

Per capita funding is a challenge for us. If you have a small community, how do you make any project work based on per capita? I think there needs to be an established grant that recognizes population, ability, and challenges to smaller communities. Be it based on 10,000 or 25,000 in a community, there has to be some kind of base funding that assists that, and we would ask you to look into that.

In regard to the OMPF funding, we ask that you revisit the northern communities grant program. NOMA would certainly support an increase to the grant per household, by approximately \$75. I think \$50 would be about \$18 million; and \$75 would represent about a \$30-million investment, or pretty close. We ask for your support in that.

We certainly, as I've said before, would ask the government to accelerate the OW and ODSP and court security, as well. The province uploading is very much appreciated. It's something we've asked for for a long time, and we're pleased that the province has delivered that. At the same time, there are a lot of communities that won't benefit from that, and I think that needs to be taken into consideration as well.

User fees and property taxes, municipal taxes, again, do not support and cannot support the total cost of infrastructure services there. The basic costs alone are almost—communities are unable to support that. If you look at user fees that apply to the Ignace water plant, that's going to push their household costs of water probably to 200 and some dollars, maybe \$300, a month. How do they do that? I think there needs to be something in place that recognizes that.

We want to continue to support the quality of life we have. We recognize and ask you to recognize that northwestern Ontario is a resource-based—for the most part, renewable; certainly not from the mining perspective. We ask that you consider and share the provincial resource revenue. We don't have any other alternative to look to.

I ask you to address the physician shortage to help some of the communities. We also face a nursing shortage, which is going to cut the supply of doctors even

more. If there are no nurses, there are no doctors. Our health care is extremely important, and we have to recognize that. Recruitment is costly and difficult in the face of demand and supply. We look at our communities putting up \$100,000 or \$150,000 to attract a doctor. They can stay for the length of the contract, and then they're moved on to another community. That's huge in our community and all the communities. The community itself can raise X amount of money and the municipalities can match it, but the bucket is empty. There's just nowhere else to go. So we need your support in both those regards.

In closing, we ask you to find a solution to forestry as well as auto. We lost our jobs over several years. We've been in crisis for a long time. We're pleased that you recognize auto, but what happened to forestry? We absolutely need to have forestry jobs and those lost jobs and the closing of those mills recognized by this government. Our economy and our families need a solution, and we ask you to find that solution.

**The Chair (Mr. Pat Hoy):** Thank you. Ms. Aggelonitis will ask questions.

**Ms. Sophia Aggelonitis:** Thank you very much for your second presentation of the morning. Are you coming for a third?

**Ms. Anne Krassilowsky:** I am.

**Ms. Sophia Aggelonitis:** Good. It's great to have you here. Thank you very much for your presentation.

You spoke about infrastructure. I'd like to ask you two questions about infrastructure. The first one is, do you have any shovel-ready or close-to-shovel-ready projects? The second one would be, if you were to list the priority infrastructure projects that you have, what would be the top three?

**Ms. Anne Krassilowsky:** You're asking me from across northwestern Ontario. We're talking about a land mass that is absolutely huge. Each community would have a different priority. Each community probably would have several shelf-ready. But you also have to consider the fact that to be shelf-ready, you have got to invest dollars—and where do those dollars come from? Do we have three or four shelf-ready projects that are not in the government's vision? So now you've spent that money, you've taken it out of the community, you've taken it out of the tax dollars, but there's no line-up. They're just not what the government's going to fund at that particular time. So it's very difficult for small communities, first on money and then on the fact that that may not be the project of the day. It's very difficult to do that. At the same time, I think that communities do have shelf-ready projects that they could move forward.

1030

**Mr. Iain Angus:** I think the other thing too is that a lot of communities know what their priorities are but, as the mayor indicated, they haven't been able to outlay the dollars to do the detailed design work that would make it available as a shelf-ready project. So we need a longer lead time. That's not to say that work can't happen, and obviously we've got a lot of good engineering planning

firms in the northwest that would be engaged doing the work, contributing to the economy as we went through that process. So we need a little bit longer lead time for a lot of our projects.

**Ms. Sophia Aggelonitis:** Okay.

**Ms. Anne Krassilowsky:** And the other remark to that—and I know it is very difficult, I don't know how we would get around it, but when you advertise the amount of money that you're going to give to a community to support that project, the price of the project is guaranteed to be that money or more. Somehow or other we have to be able to understand what we are going to receive in a project, but we have to find a way that we do not release it publicly. It does happen, it's the way it is, but there has to be a manner in which communities can be advised and then put the project out there.

**Ms. Sophia Aggelonitis:** Jean-Marc has another question.

**The Chair (Mr. Pat Hoy):** Mr. Lalonde.

**Mr. Jean-Marc Lalonde:** Thank you for coming back in front of the committee. I was just listening to the previous presentation that you did on behalf of the town of Dryden and now for the Northwestern Ontario Municipal Association. I was just wondering: I know you have a special plan for the northern part of Ontario that is taken care of by our minister, Michael Gravelle, but when we look at development for the area, we have what we call a community in transition fund that is available to develop an economic plan for the future. Lately we have awarded, I think, three of those; three communities did receive the money to develop those plans. But I could see that also those industries that are talking of reducing their operations or moving out—has anybody approached them with the program that we have in place, the AMIS program, the advanced manufacturing investment strategy? We have \$500 million available there at no interest cost for loans up to \$25 million. The other one is a \$1.15-billion program which is called the Next Generation of Jobs. Again, it's a program that is an interest-free loan—

**The Chair (Mr. Pat Hoy):** Thank you. We'll give you an opportunity to answer.

**Mr. Iain Angus:** I'm not sure that we're that aware of those particular programs. I know from the involvement that we've had with the forest industry that they have examined all of the programs that are available to them. We'd be happy to have more details about it and in fact learn whether or not it does apply to the communities and industries in northwestern Ontario.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation.

**Ms. Anne Krassilowsky:** Thank you so much.

#### CITY OF THUNDER BAY

**The Chair (Mr. Pat Hoy):** I'm advised that the city of Thunder Bay is here. If you'd come forward, please?

**Ms. Lynn Peterson:** Good morning.

**The Chair (Mr. Pat Hoy):** Good morning. You have 10 minutes for your presentation and the questioning will



come from the official opposition in this case. I would just ask you to state your name for the purposes of our recording Hansard.

**Ms. Lynn Peterson:** Good morning. My name is Lynn Peterson. I'm the mayor of this beautiful city of Thunder Bay. Welcome to our wonderful town. I'd like to thank you for travelling to Thunder Bay to conduct the 2009 pre-budget consultations.

Let me begin by saying thank you very much to the government for working with the communities in the last 18 months on the municipal fiscal review. It took longer than we all had intended, but the consensus report is one that will move us all forward. So I certainly appreciate that, and I appreciate the fact that there's recognition of the principle that social services shouldn't be paid for by municipal property taxes.

Clearly, there's a growing need to create a stimulus package in the province of Ontario and across Canada as a means of providing employment during difficult economic times. Bridging the need to stimulate the economy by investing in infrastructure is an opportunity to increase employment and make necessary improvements at the same time. I believe that any stimulus package that the government chooses to put into the budget—and I know there has already been talk about what that would look like for the auto industry—also needs to look at accelerating infrastructure requirements in mass transit. It would not only help manufacturing, it would actually accelerate the recovery in terms of the environment in southern Ontario and make all of that much better.

I also want to encourage you to put as much money as you can into infrastructure around water, waste water—anything to do with the Great Lakes. The Great Lakes are probably the finest resource that Canada or the world has. The Great Lakes region is the second-largest economy in the world, second only to the United States. It is critical that we continue to look at restoring and protecting those lakes as an economic engine, and I would encourage you to certainly provide a stimulus package that would assist that.

I'd like to tell you that the city of Thunder Bay is investing in our future. We have a waterfront development project that is ready to go. In fact, we're in design detail plans as we speak. We have just spent \$4.3 million to get that under way; it has been a two-and-a-half-year process to get the plan in place. We have an emphasis on building a stronger, more diversified economy and providing a higher quality of life for our residents. So this master plan at Prince Arthur's Landing will play a major role.

We know that the global economy is in a downward trend and that it's unprecedented. This trend, it appears, will continue for some time and will have real impacts on our economy.

The forest products industry—I know you heard from NOMA, and you will hear again later from the Ontario Forestry Coalition and probably from many of our forest industries—is a foundation of the new resource and green economy for the province of Ontario. We need to be clear, though: The infrastructure, systems and expertise

provided by the existing forest industry provide the building blocks for an evolving bioeconomy. We need a healthy primary forest industry in order to achieve the benefits of a value-added one. Today's forest products industry is more than pulp, paper and wood; it's the platform for the development of new products and industries like biochemicals, biofuels and bioenergy, all of which provide endless opportunities from our sustainable and renewable forests. If you can make it out of a barrel of oil, you can make it out of a tree. That's why our university has created a bioresearch institute, and the government of Ontario is investing \$25 million in the Centre for Research and Innovation in the Bio-Economy. NORD 21, the Northern Ontario Resources Development for the 21st century initiative, which is from Lakehead University, will round out that growing sector. The NORD 21 project is about a \$13-million request from the government. I think it's critical to make sure that that project goes ahead; to make sure that CRIBE, the Centre for Research and Innovation in the Bio-Economy, has a home; that we as a province recognize that the boreal forest has the most opportunities in it to change the economy of Ontario and to change the world in terms of the environment. I think investment in research and development and innovation using the boreal forest, because it is not fossil fuel, because it is renewable, is something that we must grasp with two hands and hold tight and make sure that we move it forward.

I also want to say that we appreciate the efforts of the government of Ontario in implementing the 25% Canadian content requirement for mass transit vehicles. But as you know, manufacturing continues to be hard hit in Ontario, and we continue to aggressively support a Buy Ontario and Buy Canada policy. When governments are spending public dollars, if at all possible, not one nut, bolt or steel frame should be manufactured outside of our own borders, nor should we allow final assembly to take place anywhere but in this country. Most countries—90% of countries—have policies in place that reinvest taxpayers' dollars within their own boundaries, and we need to have that. We have 25%; we believe 50% is a better number. I think that we can incent to get there.

1040

On the other side of the coin, I need to say that for the city of Thunder Bay, 2008 payments in lieu represent a total of about \$7 million, or 3.7%, of our total budgeted operating revenues. Hospitals, universities and colleges generally do not generate the amount of revenue as indicated by their real estate values.

Where a per capita capacity rate has been utilized, the trend in Ontario has been not to update that rate on a regular basis. In fact, the rates for the PILs have not changed in over a decade. That's not the way that we believe it needs to be handled. The revenue source, therefore, does not keep up with GDP growth or inflation. We are requesting that the government of Ontario change the current model for payments in lieu to be indexed to an appropriate economic statistic, such as the consumer price index or the nominal increase in gross domestic

product, and then adjusted annually. A 10-year catch-up doesn't make a whole lot of sense either.

I'd also like to discuss the northern growth plan. This plan is an exciting opportunity to make northern Ontario strong and prosperous today and in the future. The growth plan provides a clear and coordinated approach to address regional priorities and will provide the vehicle to foster economic development. I'm pleased to hear that the government recognizes the importance of this work. We need to make sure that there are resources within the budget to support the recommendations of the northern growth plan as it proceeds.

I know that it's going to be a tough budget year in terms of the finances of the province, but I certainly encourage you not to veer from your anti-poverty strategy. It is critical that that strategy continue and, in fact, be accelerated. The entire province and every citizen will be better off because of it.

In closing, I want to thank you again. My list was much longer, but I thought I could probably hit a few with the questions. I would also like to say that as a member of the board of directors of NOMA, I didn't want to repeat what was said. Certainly, the city of Thunder Bay clearly supports the NOMA position.

We are also part of the Ontario Forestry Coalition. You will hear more about forestry later, and I will be joining in. I certainly know you'll be hearing from our forest products industries. Exciting opportunities exist within the forest industry, but that forest industry needs to be healthy. When you take that wood and you make it into something renewable—plastics, resins, polymers, nanocrystals, autos, bioauto—it's real; it's available to us. But we need to invest in the forest industry, because you still must get into the forest, you must manage the forest, you must bring those trees in, and you must process them. Our pulp and paper industry has the infrastructure to do that. It's what you do with it next. Pulp, paper, wood, dimensional wood—yes, all of that, but there's so much more, and we need to invest in that. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning goes to the official opposition.

**Mr. Tim Hudak:** Thank you, Your Worship. Good to see you again.

**Ms. Lynn Peterson:** Nice to see you.

**Mr. Tim Hudak:** Thank you for taking the time to brief the committee on some very important topics to Thunder Bay and area.

I'm going to ask you this: Recently, an economist—I believe a Lakehead University economist—talked about the number of job losses in Thunder Bay and northwestern Ontario in the private sector. Do you recall how many job losses there are?

**Ms. Lynn Peterson:** It's in the thousands. The OFC presentation has it, and I don't want to misspeak, but I believe it's well over 2,254 at last count.

**Mr. Tim Hudak:** Certainly, the loss of well-paying jobs in Thunder Bay and the other communities we visit is one of our main topics. It relates very much in Thunder

Bay, because of the forest industry and heavy manufacturing, to the price of electricity. You've talked of electricity previously when you've been at the committee. Do you have any comments on what needs to be done in the future on the price of power?

**Ms. Lynn Peterson:** I believe that you need an industrial rate across the province. I do know that you'll be hearing from Bowater on energy because it is so important. The fact of the matter is that we continue to have an energy conundrum in northwestern Ontario. We can produce the energy that's required. I ask you to think back to the blackout in Toronto. When all of the south was in darkness, we were actually shutting down power generation. The issue is that we could produce the power, but because that little tiny line in between is like sucking a milkshake through a small straw, you can't get that power out of northern Ontario into southern Ontario to assist. When you think about the energy capacity within Ontario in terms of what we should be doing in the long term, we have the opportunities in northern Ontario, because of where we are, for alternate energy sources, but then you need to get it out of northern Ontario. That energy needs to be at a price that has industry in northern Ontario competitive. It just doesn't make any sense for us to be able to produce it at such a low rate and then charge our industries so much more that it puts them out of the ballpark in terms of competition. I'm sure you're going to hear from the forest industry and the OFC that unless all of the pieces are in place to ensure that the industry can be competitive, it can't be a healthy industry.

**Mr. Tim Hudak:** A central point of your presentation was that there's a great opportunity in the forest industry for the green economy, bioeconomy—a couple of the terms you used. But you have to make sure, if I understood your point, that the foundation remains healthy. Basically, you're saying that we need to ensure that we can continue to be in the pulp and paper and dimensional woods sector; otherwise these other products won't come through. Is that your point?

**Ms. Lynn Peterson:** That's tight. You have to have a healthy primary industry to even think about having a value-added one. The entire concept of value-added is that you already have a healthy start. Unless the primary industry is healthy, you can't make resins and polymers and nanocrystals and all of those wonderful things, plastic—well, they're not really plastic bags; they're made out of fibre. You can't make that unless you actually have the folks who work in the forest, the truckers and the processing. You can't have the second piece without the first.

**Mr. Tim Hudak:** You also mentioned the boreal forest initiative, which you described as an opportunity. Many in the south perceive that as setting aside the entire boreal forest for no development or harvesting whatsoever. There's the caribou and such there. Please explain what your vision is of what the boreal forest initiative should be.

**Ms. Lynn Peterson:** First of all, the boreal initiative I think is not a park. This is where people work and have



their living and enjoy and cherish the boreal forest. The impact: When you say the people in other parts of the province think we should just have a large park, I would suggest that their economic well-being would probably fall into the sewer without the forest industry. We're the second-biggest industry in the country, and we have to remember that.

The forests of northern Ontario have the highest standards in terms of care and stewardship of a renewable resource. It needs to be managed, and it is managed well. To suggest that we do anything else is really foolhardy.

**Mr. Tim Hudak:** Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation.

**Ms. Lynn Peterson:** Thank you, and I'll see you later.

1050

## ONTARIO FORESTRY COALITION

**The Chair (Mr. Pat Hoy):** Now we'll hear from the Ontario Forestry Coalition.

I know it seems rather odd, but I should have you state your name again for posterity purposes on our recorded Hansard. If you'd do that again, everyone, then you can begin your submission.

**Ms. Anne Krassilowsky:** Does perseverance count?

**Mr. Iain Angus:** My name is Iain Angus. I'm the chair of the Ontario Forestry Coalition. With me are Anne Krassilowsky, president of NOMA, and Lynn Peterson, past president of NOMA, both mayors in their own right and key spokespeople for the coalition. We're going to share the presentation.

The Ontario Forestry Coalition is representative of a broad range of organizations directly concerned with the survival and sustainability of Ontario's forest industry—and I'd emphasize "Ontario." We are not just northwestern Ontario-centred, as we have members from FONOM, from northeastern Ontario; and the Ontario Forest Industries Association and the Ontario Lumber Manufacturers' Association, both of which have members across this province. We do represent labour through CEP; businesses through the Northwestern Ontario Associated Chambers of Commerce; First Nations through the Nishnawbe Aski Development Fund Corp.; municipalities through the Northwestern Ontario Municipal Association and FONOM; and, of course, we have industry.

The forest industry has been in an economic crisis well before the mortgage collapse in the United States triggered the one that all of Ontario is now in. In the northwest, we have seen over 6,000 forest industry jobs disappear from our communities in the last three years alone. For many communities, they have lost their only industrial employer and the majority of their tax base. Today—and I emphasize the word "today," and we'll come back to that—there are only 4,236 people working in the northwest in the forest industry.

It is important to emphasize the degree to which the forest industry has impacted the regional economy of the northwest. Let me turn it now to Anne Krassilowsky.

**Ms. Anne Krassilowsky:** In the 2006 report *An Economic Impact Analysis of the Northwestern Ontario Forest Sector*, the following facts were identified:

The value of direct forest sector salaries in northwestern Ontario was \$624 million per year—1.27 times higher than those in health care and social services, 2.29 times higher than education, 4.31 times higher than mining, and more than 5.22 times higher than tourism-related industries. The overall average annual wages and salaries in the forestry industry were 54% higher than the overall average earnings in northwestern Ontario.

Many northwestern Ontario communities depend on the forest industry for a large percentage of their community income: Red Lake sub-region, 21.23%; Kenora sub-region, 25.47%; Fort Frances, 66.8%; Sioux Lookout sub-region, 27.58%; Dryden sub-region, 72.24%; Thunder Bay sub-region, 23.46%; Nipigon North, 70.58%; and Nipigon South, 87.33%. The overall percentage of dependency on forest industry income in northwestern region is 35.14%.

**Mr. Iain Angus:** Over to Lynn Peterson.

**Ms. Lynn Peterson:** You didn't write my name in.

**Mr. Iain Angus:** I didn't write your name in, sorry.

**Ms. Lynn Peterson:** Just three years ago, there were nearly 200 communities in southern Ontario having a stake in the economic viability of Ontario's forest sector. The economic impacts of the forestry sector extend well beyond the mills which process wood fibre into lumber, paper and other manufactured products. Southern Ontario companies provide equipment, supplies and services utilized throughout all aspects of the production process, from management and planning services to harvesting, right through to the processing of end products.

The economic footprint of the forest industry in Ontario is second only to the auto industry. It had \$19 billion in total sales, with an \$8.5-billion contribution to the balance of trade and \$4.8 billion in salaries and benefits to the 85,000 direct employees. There were an additional 190,000 people employed indirectly by the forest industry, while taxes amounted to \$2.3 billion a year.

All of Ontario's forest companies and processing facilities are deeply integrated in the provincial economy through the numerous businesses that provide equipment, supplies and services to industry. In southern Ontario, 107 communities were the home of 177 mills and processing facilities. An additional 332 businesses located in 75 southern Ontario communities provide equipment and services to the pulp and paper sector, and nearly 100 businesses in 68 southern communities are directly involved in providing equipment and services to the forestry and wood products sectors.

**Mr. Iain Angus:** If you could turn to the last three pages of the package we provided you with, you will see three maps. The first map, entitled "A: 19 Forest Communities in the Northwest"—that's how we were just a few years ago. If you go to the next page, you'll see we're now down to eight communities that are still forest-based communities. We've lost 5,777 direct jobs,

and today there are only 4,236 people working in the industry.

If you go to page 3, you'll see what Christmas will look like in northwestern Ontario. We'll be down to six communities with functioning forest-processing facilities.

So when we talk about northwestern Ontario and the forest industry being our auto industry, and the impacts that we've been feeling, it has been severe. It has been horrendous to the people of our region.

Let me turn it back to Lynn Peterson.

**Ms. Lynn Peterson:** No, that's Anne.

**Mr. Iain Angus:** Page 11? You're ahead of yourself.

You can tell we haven't choreographed this.

**Ms. Lynn Peterson:** Mr. Chairman, now you understand better why we say that forestry is our auto industry and should receive the same recognition that has historically been received by that sector, if not better. Now that Ontario and Canada have reached an agreement on how to proceed to assist the auto industry in Ontario, it is time—much needed, in fact—that those same two governments give the forest industry the same attention and support.

The forest industry and towns that rely on it need action now. We need action so that when the economy and markets turn around, we have mills that can resume operation. We need action now to ensure that the remaining mills, whether they be saw, pulp or paper, can afford to stay in operation. And we need action now to support the laid-off workers, their families and their communities so that they can weather this storm.

**Mr. Iain Angus:** Okay. And now we'll turn back to Anne Krassilowsky.

**Ms. Anne Krassilowsky:** Mr. Chairman, members of the standing committee, in our written brief we have outlined a number of additional steps that are important to the survival of the industry. The key points are:

(1) Maintenance of the industrial fibre basket:

In 2002, in the final report of the Ontario Forest Accord Advisory Board on the implementation of the accord, representatives of the forest industry, the government of Ontario and the environmental sector recognized that the long-term supply of wood necessary for industrial processing is 24 million cubic metres per year. We need that allocation to be protected for our future use.

**Endangered Species Act:** The Ontario Forestry Coalition continues to be very concerned that additional reduction of fibre supply will occur through the implementation of the ESA. The government needs to recognize that the current forest management planning process addresses the objectives of the ESA in order to ensure that the implementation of the new Endangered Species Act does not result in a withdrawal of the land base or a reduction in fibre supply.

**Mr. Iain Angus:** Back to Lynn.

**Ms. Lynn Peterson:** Thank you.

(2) Maintaining competitive measures put in place since 2005:

Since 2005, the government of Ontario has implemented several key measures and strategies that were

designed to help restore the competitiveness of Ontario's forest sector. These include road maintenance and construction funding; forest resource inventory funding; wood promotion funding; the creation of a forest sector prosperity fund; a loan guarantee program; and the northern pulp and paper electricity program. It is essential that these be maintained and their life extended where appropriate.

(3) The OFC requests that the government maintain the crown dues rate for poplar and birch at a rate no greater than \$1.07 per cubic metre for the next three years.

(4) We also ask that, to assist in restoring competitiveness to the province's manufacturing sector, the government of Ontario implement a temporary industrial electricity rate that is competitive with other jurisdictions in Canada and the United States.

Mr. Chairman, there are more details on each of these points found at the end of our presentation.

**Mr. Iain Angus:** Mr. Chairman and members of committee, we ask that the Ontario government continue to support the programs that the industry critically needs. We also ask that all orders of government work with us in the future to find new solutions that will get our forest industry back on its feet, not just for the short term but the long term, so we can put these 6,000-plus people back doing what they know best.

As we said at the outset, the forest industry is our auto industry. The forest industry's importance to the northwest's economy is proportionally greater than the auto industry's is to southern Ontario. We have already seen more than two thirds of our forest workforce laid off. Please keep that in mind as you advise the government of Ontario on the contents of the 2009 budget.

Thank you for this opportunity to present to you today.

**The Chair (Mr. Pat Hoy):** And thank you. The questioning will be put by Mr. Prue of the NDP.

**Mr. Michael Prue:** Thank you very much. The very first deputant this morning was Mr. Doug Murray from AbitibiBowater. He talked at great length, saying many of the same things that you said in this presentation, but his key message was the electricity rate and the fact that not having an industrial electricity rate in northwestern Ontario was devastating to his industry and to AbitibiBowater.

Do you concur that that's the key issue, because you've listed a number of them?

**1100**

**Mr. Iain Angus:** As a coalition, we've looked at a whole range of things. We wanted to be sure that we were consistent in terms of our ask. Certainly, we recognize that an industrial electrical rate will not only help the forest industry; it'll help the steel industry, the automotive industry and other small manufacturing industries, mining in particular as well. In fact, we see a real challenge up in the northwest in terms of the existing infrastructure, let alone rates, of being able to actually put any new mines on stream just because we don't have the power system here that we need.



Yes, it is an important element, and the fact that a major company has stressed that is indicative to us that they see it as one of the most important proposals being offered.

**Mr. Michael Prue:** As the forestry industry has declined, in terms of numbers of people working, that has also affected many of the towns. Can you describe what is happening in some of the towns in terms of depopulation, house prices, businesses closing up?

**Mr. Iain Angus:** I think Anne Krassilowsky, mayor of Dryden, is in a better position to answer that than all of us, in terms of the smaller communities.

**Ms. Anne Krassilowsky:** It is absolutely devastating. You can't spell it any other way. There's family destruction, there's family stress that is going through the roof, there's a loss, as I've said before, to health professionals in the community. It vibrates and ripples right across the whole of the municipality in every sector. Certainly, the price falling in homes is somebody losing their equity. That's losing what they've worked for all those years. There's nothing to move on to or from. When you lose that equity, how do you go forward, even if you could find another job across the country? It's not right that you should have to kiss your kids goodbye and hello from a thousand miles away—or good night and good morning. That's just not acceptable.

When you look at some communities that have no real estate value any more, that you could take \$8,000 out of your pocket and buy a house or use your credit card, does it get any worse than that? No. Forestry is a resource-based industry. It renews, it cleans the air, it does great things and it helps families.

I'll cut it short because I can really get passionate about this. It hurts.

**Mr. Michael Prue:** We often hear that, although there have been some job losses in the forest industry in Manitoba, they haven't been anywhere near as severe. Northwestern Ontario is closer to Manitoba than to Toronto. Could you comment on why they have not had the same loss? Are they doing something we should be doing?

**Mr. Iain Angus:** My understanding is that the government of Manitoba, by policy, has two different electrical rates: one for domestic use and one for export. That has enabled, we're told, their mills to withstand the shifts in the market and the shifts in competitiveness from other sectors around the world. I understand that they have not had to close one mill in Manitoba, primarily, we're told, because of electrical rates.

**Mr. Michael Prue:** There's still time?

**The Chair (Mr. Pat Hoy):** One minute.

**Mr. Michael Prue:** Okay. With my last minute, then, let's—

**Ms. Anne Krassilowsky:** Mr. Prue, can I take that, for mining just for a second?

**Mr. Michael Prue:** Sure. Go ahead. Use the last minute.

**Ms. Anne Krassilowsky:** We have Red Lake, which is gold-rich and tax-poor, but when you look at Pickle Lake and places like that that have viable mines which

could go back into operation or could begin to build new, and when you can't do that because you don't have the power, and when you have radio lines versus loop lines, when you have to take the energy out of the community to create new jobs or open mines, how does that happen in Ontario? How does that happen in Canada?

**Ms. Lynn Peterson:** I think they're on generators.

**Ms. Anne Krassilowsky:** They buy a generator before they buy a TV. The far-north communities don't even have power. How does that exist in this country? We worry about countries offshore, and I feel for them, but we've got to look after our own at home.

**Mr. Michael Prue:** Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Iain Angus:** Thank you, Mr. Chairman and members of the committee. Safe travels.

**Ms. Lynn Peterson:** We're not going to be back again, are we?

**Mr. Iain Angus:** No.

**The Chair (Mr. Pat Hoy):** I took a little look, but it's okay.

**Ms. Lynn Peterson:** Thank you very much anyway. Thank you for listening.

## STUDENT UNION OF CONFEDERATION COLLEGE INC.

**The Chair (Mr. Pat Hoy):** Now I'd ask the Student Union of Confederation College Inc. to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning coming from the government. So I'd just ask you to state your name for the purposes of our recording Hansard, and then you can begin.

**Ms. Laura McFarland:** My name is Laura McFarland. I'm the president of the student union at Confederation College. I'm here representing approximately 4,000 full-time students living not only in Thunder Bay, but also in rural communities, as well as 10,000 part-time learners.

I also bring you a message and greetings from College Student Alliance. The CSA is an advocacy and service organization representing over 109,000 full-time college students at 16 colleges and on 23 campuses across Ontario. I believe the CSA has or will be providing you with a document. This is the document. I haven't provided you with it today because they have apparently mailed it, yesterday or the day before. But it is available online and I will be supplying that to you after I speak with you.

This submission illustrates how a continued and strengthening support of the college system will lead the province out of the economic state we are in now. Thank you for this opportunity to present and share with you some of the ideas that I feel will help Ontario through this current economic and fiscal challenge.

Today, I'm going to talk to you about four areas where the Ontario government can make a significant difference in the lives of students across Ontario. I'm going to talk

to you about the current economy, access and affordability of post-secondary, transferability and fairness.

Given the current fiscal and economic challenges facing Ontario, Canada and the globe, it is most important that we focus our investments on human capital and in turn on our ability to grow the economy. While interest in education past the secondary level has continued to increase, post-secondary attainment is still nowhere close to the levels needed to supply forecasted social and economic needs.

With today's fiscal challenges and uncertain times still ahead, now more than ever the government needs to make strong, decisive and tough decisions. Investing in Ontario's colleges and its graduates is not only bold but it does make sense. College graduates are in demand and will be vital to rebuilding our economy. Ontario now must move away from a purely manufacturing economy to a knowledge, skills and innovation economy.

The Association of Canadian Community Colleges, ACCC, released a publication that explains the out-weighing benefits to costs associated with investments in colleges and institutions in Canada. This publication outlines that investing in higher education has far greater benefits than costs for both students and taxpayers. Nationally, and when totalled across existing students, \$215 million is saved this year in social costs—8% of GDP comes from colleges and institutes. For every year of study, the student will earn an additional \$3,800 per year, thus giving taxpayers a rate of return of 15.9% for investment in colleges with a payback period of 8.7 years. Given the return on investment, we feel it is imperative for the government to continue to further invest in colleges and post-secondary education as a stimulus to the economy.

During this period of economic uncertainty, we must take advantage of this opportunity to undertake a full and holistic review of the Ontario student assistance program. OSAP must be available to adequately address all of the current needs of our students, while having a flexible enough structure to easily address future needs.

OSAP is one of the tools that must be used to expand access to our colleges and universities. Students who are traditionally under-represented within post-secondary education require not only additional information on the benefits of post-secondary but assistance to meet the financial requirements. When a student knows that they'll be coming out of post-secondary with a \$22,000 debt, education doesn't look very appealing at all.

As promised in the 2007 Liberal platform, I encourage the government to move forward with the elimination of the education and tuition tax credit, costing an estimated \$725 million in 2006-07, and direct those funds to expanding the Ontario access grant, furthering targeted up-front grants for under-represented Ontarians. The education and tuition tax credit is not an incentive to low-income earners, as this program only benefits those earning middle to high incomes.

In the spirit of collaboration and innovation, it is time that Ontario move forward with ensuring transferability

and student mobility. It makes complete economic sense for the government to establish a transfer agency that would take a lead in developing system integration between colleges and universities.

#### 1110

In 2007-08, 8% of college students came from universities and 9% of college graduates enrolled in a university in the following year. This increase of about 1% a year for the last three academic years happened, not to mention the students who are graduating from Ontario colleges and moving to another province to further their education.

With the current lack of transferability, Ontario students are being forced to duplicate their prior learning at the same time as incurring more debt, which also lengthens the time before they enter the labour market. Lack of credit recognition is one of the reasons that students are not able to move from institution to institution with ease. A university English graduate who was continuing their education at Confederation College whom I spoke to recently was required to take a college-level grammar course. This does not make sense to me. An even bigger barrier is for college graduates continuing their education at a university. Universities don't like to recognize the value of a college education.

Colleges and universities are trying to create individual articulation agreements amongst themselves but, from a student's perspective, they need help. They're doing it between Lakehead and Confederation College, but then, from Confederation College, I couldn't go to the University of Windsor if I wanted to enrol in a certain program there. There aren't any transferability agreements between those two institutions. We need to establish a regulated transfer and articulation agency so that this doesn't happen anymore. This would also address the additional and unnecessary duplication of government investment through per-student funding and government financial assistance, ultimately beneficial to taxpayers as well as students, as this would save both time and money.

Based on the current and future needs of the economy and employers, they want to ensure that their employees are coming to them with both theory and practical skills. A system of transferability will ensure that students have the desired skills and abilities Ontario employers and foreign investors are looking for.

This government has tirelessly advocated on behalf of Ontarians to the federal government to properly recognize the contribution Ontarians have been making to the federation and, as such, has been requesting fairness when it comes to funding and equalizations. We support these claims and encourage the Ontario government to recognize the need for increased fairness when it comes to funding of Ontario colleges and students.

In 2008-09, college per-student funding was at \$7,034, which in real terms is about the same level it was at in 1993-94, which was \$6,988. This total still lags far behind the national average. In order for colleges to provide adequate supports, tuition has been raised significantly, coming directly from the pockets and, in terms of



student poverty, often the mouths of students and their families. The demographic of Ontarians seeking post-secondary education has changed over the years, and now we have more and more adult students who are having to support families while going to school—often single parents supporting three or four children. Our food bank is an example of what I have seen here at Confederation College in the two and a half years I have been there. The use of our food bank has increased significantly over this time. I believe this is a true reflection of the immediate impact of the inefficiency of the support system we have now for our students. Why do our students have to seek this support when ultimately they will eventually be significant supporters of our province, once they start earning a taxable income?

According to section D from the 2008 Ontario budget, the average per-student funding in publicly funded institutions in Ontario was to be at approximately \$9,821. So why is it that college students are valued at \$7,034? A college education prepares our citizens with the tools to jump right into the workforce—exactly what we need in today's economy.

There are two principles underlying our request for increases in college per-student funding: fairness, as I've stated already, and economic value. On the principle of economic value, an increase in investment in education—and particularly in colleges—increases the quality of the educational experience and the productivity of workers, not to mention the previous mention of savings in social spending.

Given the current economic and fiscal challenges, I'm not asking that the government move to get us up to the national average in the 2009-10 budget. But start us on the path to increased fairness. We are asking you to raise college per-student funding from \$7,034 to \$10,500, with a modest increase of 3.5% in the following year to ensure we don't fall back to below the national average. This would bring Ontario closer to the federal average and pave the way for Ontario to be an educational leader among Canadian provinces.

**The Chair (Mr. Pat Hoy):** You have about a minute left.

**Ms. Laura McFarland:** All right. Colleges and students throughout Ontario have great potential in assisting the provincial government in promoting prosperity. This potential for greater wealth can be brought to fruition with a willingness and capability from the provincial government to implement the necessary framework and further investments to transform opportunities into achievements.

I encourage you to read the submission that you will be getting and consider the recommendations in this paper, as these suggestions provide not only a clear path to a greater economy but also a return in investment.

On behalf of the students at Confederation College as well as college students provincially, I appreciate this opportunity to speak to you so much, and I hope that we can work together through these hard times to move

Ontario forward to become a true leader in learning. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you. If you do provide additional information, send it to the clerk, and he'll ensure that all committee members get it.

**Ms. Laura McFarland:** Yes, he has it.

**The Chair (Mr. Pat Hoy):** The questioning will go to the government, Ms. Aggelonitis.

**Ms. Sophia Aggelonitis:** Well, Laura, first of all, thank you very much for your presentation. It was extremely articulate, and you did a really, really great job. I think that your union should be very proud of having you as a representative here today.

**Ms. Laura McFarland:** Thank you.

**Ms. Sophia Aggelonitis:** You know, you're right: The greatest asset that I think Ontario has is its people, and of course its educational facilities are so important to all of us. One of the government's achievements, when it comes to education and the Reaching Higher plan, something that I wanted to share with you, is the \$55 million annually by 2009-10 that is going to improve access for aboriginal people, which is something we're really proud of.

One of the things I'd like you, though, to comment specifically on is this transfer of credits. I've heard it in my community of Hamilton, especially with some of the students at Mohawk College. Tell me a little bit more about the transfer of credits and how that affects a college student.

**Ms. Laura McFarland:** All right. Well, what's happening is that students will be taking—for example, I took recreation and leisure. I took a two-year program. I graduated with a 4.0 GPA. If I wanted to transfer that to Lakehead University and continue and get my diploma in recreation and leisure, I would be given about half a year credit at the university.

**Ms. Sophia Aggelonitis:** For a two-year program?

**Ms. Laura McFarland:** For a two-year program. That would be a good deal. Like I commented before, English majors are having to take grammar courses at college levels. It's a burden on the taxpayers, as they're paying for students to take these courses, and it's a burden on the students because they're having to repeat courses that they don't need to be taking. We need to have some kind of a body overseeing all of these articulation agreements and making sure that students are being treated fairly and that they have that ability to move seamlessly from institution to institution to gain the education that they need.

**Ms. Sophia Aggelonitis:** Well, that's a good point. Thank you again. Thank you very much for coming, and I wish you all the luck.

**Ms. Laura McFarland:** Thank you so much.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Ms. Laura McFarland:** You're welcome.

**The Chair (Mr. Pat Hoy):** We'll recess and wait to see if our final person will come.

**Mr. Tim Hudak:** On a point of order, Chair, before the recess.

**The Chair (Mr. Pat Hoy):** Yes?

**Mr. Tim Hudak:** I wanted to suggest a question for research. So in the interests of time while we're waiting, I'll do that.

Energy prices have been a dominant theme of a number of the presentations today. I'm going to ask—I'll give a written copy of this. There's a complexity to energy pricing that I think it would be informative for the committee to have a brief on.

"Would legislative research provide a brief for the committee on the price of electricity in the province of Ontario, including but not limited to, the following elements:

"(1) The price of electricity to residential, commercial, industrial and institutional customers from January 1, 2003, to the anticipated price as of January 1, 2009;

"(2) The price of electricity from OPG's regulated assets, hydro and nuclear, over the same time period;

"(3) The price of electricity from OPG's non-regulated assets over the same time period....

"(5) Some background on the cap on the non-regulated OPG assets, including when the cap began and when it will expire;

"(6) Changes in the Hydro One transmission rates over the same time period;

"(7) Any plans by OPG or the province of Ontario to introduce a CO<sub>2</sub> premium on all fossil generation;

"(8) Revenues, costs, the number of FTEs, the number of individuals on the sunshine list, and net profits and/or losses at OPG and Hydro One over the same time period."

Thank you, Chair.

**The Chair (Mr. Pat Hoy):** Very good. We'll recess to wait to see if our 11:30 does arrive or not.

*The committee recessed from 1120 to 1126.*

#### LAKEHEAD SOCIAL PLANNING COUNCIL

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will come to order once again. Now we have the Lakehead Social Planning Council with us. You have 10 minutes for your presentation; there may be up to five minutes of questioning after that. I would just ask you to state your name for our recording Hansard and then you can begin.

**Mr. Aaron Park:** Great, thank you. My name is Aaron Park from, like you said, the Lakehead Social Planning Council.

I come here today to speak mostly around financing for the poverty reduction strategy which was just released. A recent report was released titled *The Cost of Poverty*; this was in partnership with the Daily Bread Food Bank in Toronto, among other economist partners, and this indicated that poverty has a social cost of between \$10.4 billion and \$13 billion annually. This social cost of poverty is measured through the cost that poverty has on our health care system, the criminal justice system and many other social services that are provided for people who are living at the margins. In

essence, if poverty has an associated cost, which I think we all agree that it does, then the reduction of poverty should generate an economic return. This return would be realized both for individuals, in terms of increasing their earnings, as well as for the entire province in the form of reduced social expenditures and higher tax revenues.

Reducing poverty with the right policies and investments will generate a long-term return equivalent to a portion of the substantial social costs of poverty. So by strengthening the incomes of vulnerable families and adults and investing in social infrastructure such as housing and child care, we can reduce poverty and stimulate demand for local economies in Ontario. The major point that I'll be trying to bring in with the rest is the economic imperative around reducing poverty.

Before I get into that, I'd like to talk about how Ontario does have that fiscal space to borrow for investments in poverty reduction. This is drawn from the current strength of provincial finances. As you are probably well aware, in 1999-2000, Ontario paid 17 cents on each dollar of revenue for debt charges. Currently, in 2007-08, Ontario pays 9.3 cents on each dollar of revenue for debt charges. Basically, by being fiscally responsible in the good times, the province now has that space. In difficult economic times like now, we have the ability to borrow and help stimulate the economy forward.

I would like to outline four priority areas for public investment around poverty reduction.

The first priority is in the area of income supports. We need an increase to the maximum Ontario child benefit payment to \$1,500 per child, and this should be indexed to inflation. This is from the current commitment in the latest poverty reduction strategy report that came out a few weeks ago which promised \$1,300 a child. With this, we should ensure that all families get the full benefit of this improvement. We need the introduction of a \$100-a-month food supplement in 2009 to alleviate chronic cycles of hunger experienced by adults on social assistance. Also, we need to encourage the introduction of an indexed Ontario housing benefit for all lower-income families and adults, to ensure that the shelter costs do not exceed 30% of their gross income. We would like to see the institution of a full indexation of social assistance payments and a raise in the social assistance rates of 5%, as well as the provision of support allowances for extended skills training, education and vocational planning for parents, youth and adults who are currently on social assistance. The last one for income supports would be the extension of dental, drug and vision coverage to low-income workers.

The second priority area that I'd like to speak about is social housing. The current social housing situation is grossly inadequate. There are wait-lists across the province. This is especially true for Thunder Bay. We call for an introduction of a multi-year program of public investments to construct 8,000 affordable housing units each year across the province of Ontario until we've managed to catch up and alleviate those wait-lists. We



also call for the provision of ongoing investments sufficient to repair the existing housing stock that has fallen into derelict conditions.

The third priority to be focused upon is community initiatives. In this, we would like to see the introduction of a community opportunities fund. This is to strengthen capacities of organizations, networks and peer groups that are engaged locally and support those living in poverty. Also, we would like to see a set-up of a community services partnership program that strengthens core funding of voluntary and community groups that assist low-income people and people in poverty. Right now, many of these groups are struggling to find supports from the United Way or their local city councils, and it's a pretty tough situation for them. There are short-term programs that do help low-income people, but they run for six months to a year, and then the program has to fold because there's no ongoing sustainable funding for these groups to maintain that support.

The final priority area that I'd like to speak about is a robust system of early childhood education and care that is universal, high-quality, affordable and not-for-profit. We would like to see a cap on the current parent fees and increased spaces to recognize the essential role of child care in a poverty reduction strategy. Ending that cycle of poverty starts with ensuring that young children have an equal and fair start to life. We'd also like to see the provision of adequate core funding directly to child care centres, an improvement in the wages and benefits to child care workers who perform such an essential task in our society, and the development of a public investment plan to expand not-for-profit child care programs.

To finish, I would like to commend the current Liberal government for its commitment to reducing poverty during a tough economic time. It's not an easy thing to commit to. I'd like to add that it is paramount that this commitment is matched through responsible investments in poverty reduction, so, putting the money behind what is in that report.

I would like to finish by demonstrating the economic wisdom in investing in poverty reduction during tough economic times. If the government acts to strengthen the incomes of vulnerable families and adults, and invests in things like social housing and child care, this action will not only reduce poverty, which is a positive in itself, but will also stimulate demand in local economies across Ontario. Dollars spent on social housing, for example, will create local jobs in construction and supply, investments in child care will lead to good jobs for local people, and increasing social assistance rates will put more money into the hands of individuals who not only require it but will also spend that money quickly in the local economy.

This sort of idea was supported by the managing director of the International Monetary Fund at a recent meeting of the G20. It was stated that one of the most effective ways to give economies the stimulus needed to recover is to get money into the hands of vulnerable populations because they spend it fast and locally. They don't put it into savings accounts like the general popu-

lation does with tax cuts. That money in tax cuts does help everybody, but that money is often banked and used for vacationing and things like that. By raising the rates and putting more money into the hands of vulnerable populations, it's spent right away. It's not banked; it goes back into the economy.

I'd just like to end that investing in the most vulnerable populations in Ontario is socially, morally and now increasingly, we're recognizing, economically just and wise. Thank you for your time.

**The Chair (Mr. Pat Hoy):** Thank you for the submission. The questioning will go to the official opposition, Mr. Barrett.

**Mr. Toby Barrett:** Thank you, Aaron, for coming forward on behalf of the social planning council. You mentioned some ideas around a food supplement. Would that be in conjunction with food banks, or would that be a food cheque or a food stamp? How would that be administered?

**Mr. Aaron Park:** Right. This is a new fund that we're speaking of. This came out of the community groups through the 25 in 5 Network that was working on community consultations around poverty reduction alongside of Minister Matthews's consultations. This is something that we kept hearing over and over again, that there just wasn't enough food to go around for people living on Ontario Works and ODSP. What we thought would be important was just an additional \$100 to those people that they could spend on food. This would alleviate some of the high stress that we see on the food banks and things like that currently.

I'm sure the situation is similar in other places, but in Thunder Bay we have regional food distribution that distributes food to all the local food banks. We relied quite heavily on our partnership with southern Ontario to provide a lot of the food to go to these food banks, and the trucks stopped moving about eight months ago. We've done local food drives and things like this, but the demand is just incredible right now, and they can't meet it. Relying on the food banks is a charity model, and I guess this \$100 would be more of a structural change to that charity model. I'm sure the food banks will still exist and meet need for some individuals, but a more structural change needs to take place.

**Mr. Toby Barrett:** You mentioned—was it 8,000 new housing units?

**Mr. Aaron Park:** Eight thousand new housing units approximately—

**Mr. Toby Barrett:** Province-wide?

**Mr. Aaron Park:**—province-wide is what is needed.

**Mr. Toby Barrett:** And then repairs. Are you referring to—so many people are in apartments or rooms. It's not a new government building; it's a landlord or a private house. Is that part of the model as well? What's your feeling on how that works out or what should be done?

**Mr. Aaron Park:** My personal feeling is that that repair money first needs to be addressed to the government's social housing stock. From there, if a system

could be worked out to support landowners that are renting to low-income individuals, they could be assisted as well, but I think it should first be dedicated toward government social housing.

**Mr. Toby Barrett:** How would we make it fair for the people who are in the other accommodations, who are on social assistance of different forms?

**Mr. Aaron Park:** That's a good question. I guess, to the landlords, promising money down the road to improve their stock may help alleviate that, but the landlords should be attempting, I would hope, to keep their rental units in good repair, as well, whether that be out of their pocket or not. I think a promise down the road to address that stock may help.

**Mr. Toby Barrett:** I know you use the term "social assistance." Now, you didn't mention people on disability. A certain percentage of people on disability are also, obviously, on low incomes. Any recommendations for those people?

**Mr. Aaron Park:** Oh, definitely. The ODSP rates, the Ontario disability support payments, along with Ontario Works, need to be at least indexed to inflation at this

point, if not increased beyond the 2% or 3% that we've been seeing year to year. They still haven't made up for the cuts to these programs in the 1990s, and inflation has increased that. I think the ODSP maximum is maybe \$11,000 a year to live on, which we all know is not enough money for a person to make it through the year. Along with Ontario Works, Ontario disability certainly has to be raised.

**The Chair (Mr. Pat Hoy):** Thank you for appearing before the committee.

**Mr. Tim Hudak:** Chair, I'm going to ask, through you, if the clerk would be so kind as to distribute a very important document to members of the committee. The source is dictionary.com and it deals with the proper pronunciation of the word "presentation." Dictionary.com allows for both "presentation" and "pre-sentation" equally. Thank you.

**Ms. Leeanna Pendergast:** Dictionary.com?

**Mr. Tim Hudak:** Dictionary.com.

**The Chair (Mr. Pat Hoy):** Very good. We are adjourned.

*The committee adjourned at 1143.*





## CONTENTS

Wednesday 17 December 2008

<b>Pre-budget consultations .....</b>	<b>F-715</b>
AbitibiBowater.....	F-715
Mr. Doug Murray	
Brain Injury Services of Northern Ontario .....	F-717
Ms. Alice Bellavance	
City of Dryden .....	F-720
Ms. Anne Krassilowsky	
Ontario Association of Optometrists .....	F-722
Dr. William Ulakovic	
Kinna-aweya Legal Clinic.....	F-724
Ms. Sarah Colquhoun	
Northwestern Ontario Municipal Association.....	F-727
Ms. Anne Krassilowsky; Mr. Iain Angus; Mr. Tom Wilson	
City of Thunder Bay .....	F-728
Ms. Lynn Peterson	
Ontario Forestry Coalition .....	F-731
Ms. Anne Krassilowsky; Mr. Iain Angus; Ms. Lynn Peterson	
Student Union of Confederation College Inc.....	F-733
Ms. Laura McFarland	
Lakehead Social Planning Council.....	F-736
Mr. Aaron Park	

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F-27

F-27

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## Assemblée législative de l'Ontario

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# Official Report of Debates (Hansard)

Thursday 18 December 2008

# Journal des débats (Hansard)

Jeudi 18 décembre 2008



## Standing Committee on Finance and Economic Affairs

Pre-budget consultations

## Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

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## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 18 December 2008

Jeudi 18 décembre 2008

*The committee met at 0903 in the Radisson Hotel, Sudbury.*

PRE-BUDGET CONSULTATIONS  
ONTARIO FOREST INDUSTRIES  
ASSOCIATION

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. We're pleased to be here in Sudbury this morning, day seven.

For the committee, our 9 o'clock has cancelled, but our 9:30 has agreed to accommodate the committee at this time, so I'll call on the Ontario Forest Industries Association to come forward, please. Good morning. You have 10 minutes for your presentation. There may be up to five minutes of questioning. The questioning in this round will come from the official opposition. I'd just ask you to state your name for the purposes of our recording Hansard.

**Ms. Jamie Lim:** Thank you. Good morning. My name is Jamie Lim.

While all governments are suffering from varying degrees of "carsickness" during their budget deliberations, the OFIA would like to remind government leaders that Ontario's forest sector has the second-largest positive balance of international trade in the province, just behind the auto sector, and has for the past five years weathered the economic storms that are now inundating Ontario's manufacturing heartland.

There is no denying that Ontario's forest sector was at the front end of the current recession, but it is critical for everyone to note that today our sector continues to employ 70,000 citizens directly, generates \$18.3 billion in annual revenues, and exports \$5.7 billion in wood products.

As Ontario works through this current recession and transitions itself into a new economy, the provincial government will be looking towards those industrial sectors that are able to not only meet the economic challenges that are in front of us but are able to do it in a responsible and environmentally sustainable way.

Beyond the current crisis, it's important that everyone knows that Ontario's forest sector has a very positive future. That is why we are asking government to maintain existing forestry programs throughout 2009 and implement forward-looking policy that will provide our

sector with the certainty it requires to complete its transformation.

Government programs to date have undoubtedly assisted viable mills—those that have taken aggressive action to reduce capacity, improve cost competitiveness, retool and invest in themselves—to continue operating throughout this crisis. I may add that it is these companies, the viable companies, that are positioned to become the foundation of Ontario's new green economy.

Simply put, we have the expertise, the infrastructure, and, most importantly, we have great opportunities to expand our sector by developing new green products and growing new exciting markets.

OFIA's pre-budget submission, which you have copies of, outlines how today's forestry products and sustainable forest management are increasingly being recognized as an important tool in mitigating climate change. According to the UN's IPCC, "In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fibre or energy from the forest, will generate the largest sustained mitigation benefit."

Combine being environmentally friendly with the fact that Ontario, with its platinum, world-class forest management, has an extremely positive environmental reputation and, ladies and gentlemen, you have a massive opportunity.

The most obvious opportunity is our own provincial consumption. Currently, Ontario consumes more wood products than it produces. That in itself is a green light for growth.

Another new opportunity is the emerging bioeconomy. For the past 60 years, long before the term "biofuel" became sexy, the forest sector has been using biomass as fuel within its manufacturing processes. Today, our sector has cut its reliance on fossil fuels by more than half through the reuse of forest industry by-products, making us a leader in the reduction of greenhouse gas emissions. This innovation positions us well.

Just as a side note, just last month Grant Forest Products began manufacturing industrial wood pellets in this province.

Thirdly, new local construction markets are emerging for Ontario wood products. The UN's IPCC noted that "about 30 per cent of the projected global greenhouse gas

emissions in the building sector could be avoided by 2030 through green building choices.”

Building houses is not the only game in town anymore. Today, as demonstrated at Toronto's eighth annual Wood WORKS! gala—you've got calendars from that gala that show this year's winners—Ontario architects, engineers, designers, contractors and community leaders are making sound environmental choices by choosing local primary and secondary wood products for their commercial building projects.

You know what's awesome? Ontario represents 42% of Canada's commercial construction. That's huge. Within the current building codes, without changing a thing, we have the opportunity to increase primary and value-added wood product sales in Ontario by four times the current levels. This represents an additional \$1.2-billion opportunity. And, ladies and gentlemen, that opportunity isn't in some foreign jurisdiction; that's in your own backyard, and it's commercial construction.

Right now, British Columbia is working to change its building code from the current four-storey maximum so that commercial buildings six storeys or less can be built using wood products.

There is great momentum building in our province, our nation and our world for the sustainable use of local wood products, but beyond these local opportunities, it's critical to note that when the current economic downturn comes to an end and global economies begin to rebound, other seeds of opportunity are growing.

It is predicted that global demand for forest products will increase by 2% to 3% over the years ahead as economies such as India and China grow. Between 2006 and 2007, exports to non-US markets increased by 6%. In newsprint, while North American markets are declining, global markets are increasing. So however challenging today's conditions are, the future for Ontario's forest sector is promising, but we need government to maintain existing programs and protect our future economic prosperity.

We also need government to recognize that just as you can't have a healthy auto parts sector without a healthy auto sector, you're dreaming if you think you can have a strong biofibre or value-added sector if you don't have a strong primary sector in your province.

Today, the OFIA is making the following five recommendations.

**0910**

First, all of these opportunities need wood. Every time government policy removes large tracts of land from Ontario's fibre basket—our backyard—economic opportunities and jobs are lost. It is truly that simple. As Ontario continues to move toward implementing its green economy, OFIA requests that the government continue to recognize its commitment to 24 million cubic metres of industrial wood fibre and ensure that the existing operational land base is not further eroded.

We ask, secondly, that you maintain the competitive measures that have been put in place since 2005, outlined on page 8.

Third, the OFIA requests that the government maintain the crown dues rates for poplar and birch that were introduced in 2008 at a rate no greater than \$1.07 per cubic metre for the next three years.

Fourth, many manufacturing sectors in Ontario are having difficulty coping with the numerous new regulations and programs that the Ministry of the Environment is implementing and proposing. The OFIA recommends that the impact of all new policy, standards and regulations be assessed for competitiveness before the government makes its decisions. As well, we're asking for the harmonization and prioritization of all of these regulations. All of this is outlined in our submission.

Last—this is an ask not just for the forest sector but for manufacturing in Ontario—we ask that, to assist in restoring competitiveness to the province's manufacturing sector, the government consider implementing a temporary industrial electricity rebate that makes Ontario's industrial electricity rate competitive with other jurisdictions in Canada and the United States.

In conclusion, ladies and gentlemen, one thing is extremely clear: We are not my grandfather's forest industry. As you contemplate billions of dollars of new money for the auto sector, we ask that you maintain the forest sector's competitive steps that government put in place over the past three years. By maintaining these measures, you will ensure that Ontario's viable companies complete their transformation and continue to support over 260 communities across Ontario and over 200,000 Ontario families who still, directly and indirectly, rely on the forest sector for their livelihood. For years, Foodland Ontario, a group that is funded with government money, has been telling us that “Good things grow in Ontario”—and it's too early in the morning for me to sing that jingle for you.

**Mr. Tim Hudak:** Oh, go ahead.

**Ms. Jamie Lim:** No, Tim; I'm doing that for your benefit. I don't want to hurt anyone's ears this morning. But our hope is that you recognize that food isn't the only good thing that's growing in this province. Together, we can seize new opportunities, build on our expertise and infrastructure, and make Ontario once again a world leader with a sustainable new green economy.

Thank you, ladies and gentlemen.

That's the first time in how many years that I haven't asked you and begged you for more time? That was my Christmas gift to you. See, after Christmas I'm a little bit—you know. But I've left you with a bunch of stuff. I apologize: For the case studies, I have limited documents left, so I didn't give you three copies of each, but these, ladies and gentlemen, are commercial buildings that are being built in Ontario right now using wood products. The most recent is this Microtel hotel; it's a new chain to Canada. They're building seven hotels in Canada. They have already built two in your province using wood, Ontario wood. That's huge.

The other thing I left you was Canadian Wood, great messaging about why you should be ensuring the sustainable harvest of wood. Then there's another document



called Tackle Climate Change: Use Wood. That again is a great source of why you should be promoting the use of your forests in a sustainable way to create jobs and prosperity for the province of Ontario.

With that, I'd love to take your questions.

**The Chair (Mr. Pat Hoy):** Thank you very much. The questioning will go to the official opposition. Mr. Barrett.

**Mr. Toby Barrett:** Thank you, Jamie; we do appreciate it. Over the years we've had a number of presentations from the forest industry, for good reason, given some of the disasters that have been allowed to happen.

The auto sector is saying, you know, some more money to give them some time to complete their restructuring. Is the forest industry restructuring? Have you restructured, beyond downsizing?

**Ms. Jamie Lim:** Restructuring is painful because it means reducing capacity, especially when you're in a down market like this. I wish more people would focus on the companies that are still operating in this province. You've got some amazing companies that have managed to weather the storm, keep their doors open, continue to invest money. The companies that are presenting to you today have all invested money recently, not historically, in this province. That's huge—\$70 million in a new co-gen facility in Fort Frances. I'm not sure how much money was invested, but Grant Forest Products just built a value-added facility that you can ask Bob about. These are recent investments. These are the viable companies, not the sunset, the dinosaurs, all those sweet terms that everyone likes to use. These are the companies that plan on being a part of the future. You, as a government, should be looking at those companies and saying, "What can we do to ensure that you weather the next 18 months?"—2010 is when things are anticipated to turn around in the housing market.

The electricity rebate, for example: We're not asking about forever, but we're saying your electricity is out of whack. I've told you that every year that I've presented in front of you. What can you do in the short term, not in the long term, to help not just our sector, but the manufacturers that you have left in this province? Obviously, you have some winners. What can you do to keep them here instead of moving?

**Mr. Toby Barrett:** Another quick one, then Tim has a couple of questions: They mention biomass. There have been pellet burns at Atikokan and Nanticoke. Nanticoke, down my way—there's a lake freighter of coal that goes in there every day. Is biomass cost-effective? Is it energy-efficient to produce these little pellets to burn?

**Ms. Jamie Lim:** Well, I do know that it's more environmentally friendly than coal and that OPG has spent a lot of money with U of T doing studies that they just released or that they're about to release that show how well it can be used to replace coal and how it will certainly be a much more environmentally friendly choice. Having said that, is it cost-effective? Those are questions you'd have to ask OPG or the people who are planning to use it.

I will tell you that right now we're probably using about 15 million cubic metres of the 24 million cubic metres that are set aside for industrial use. Creating a new product like pellets would be an awesome way to create jobs in southern Ontario, the area that you live in, as well as in northern Ontario. It's a great way to build on your primary forest sector, in the same way that OSB was a brand new product in the late 1980s and 1990s and created something like 20,000 new jobs over a short period of time. There's huge opportunity there, and rather than having these ships bringing it in from Europe, it would be nice if we were making it at home.

**Mr. Toby Barrett:** Sure. Tim?

**The Chair (Mr. Pat Hoy):** About two minutes.

**Mr. Tim Hudak:** Okay. That's great.

Ms. Lim, it's great to see you again. Thank you for being here. You always make an outstanding presentation. I have two questions I'd like you to expand on—it's in your background material.

First, you talk about the importance of maintaining the 24 million cubic metres per year of wood fibre. Can you emphasize why that's important and why that's under threat?

Secondly, you've emphasized that while bioeconomy and such is a good opportunity, you must have a strong primary forest sector, otherwise that doesn't come along.

Would you mind expanding on both those points?

**Ms. Jamie Lim:** On the fibre basket, I think it's important for everyone to recognize that you have a lot of environmental campaigns right now that are approaching government and saying, "They're not using it; you've lost the sector; the sector has disappeared; it's not what it used to be; they're not using 24 million cubic metres. It's okay to make some more parks, it's okay to remove some large tracts of land, because they're not using it." Well, ladies and gentlemen, I have three kids who are being raised in northern Ontario, and I'd like to think that if one or all of them wants to return here and have a future and be able to work in the forest sector, that's going to be an option for them. Just because we're not using it today, in the worst market that has ever hit us—it isn't a time when you should be making policy, in today's market. That would be so short-sighted, and it would be selling our future. It's critical to protect that 24 million cubic metres of industrial fibre. That was what was identified in a government report, the Ontario Forest Accord, in 2000, as being what was sustainable, what we could cut and grow sustainably in Ontario. That's jobs, it's revenue for government and it's economic opportunity for communities.

**9920**

Secondly, on the bioeconomy—I'm sorry, Tim; I forgot what you wanted to know.

**Mr. Tim Hudak:** The importance of the primary sector—

**Ms. Jamie Lim:** Oh, the importance of the primary sector. We meet with OPG all the time about pellets and about where they're going, and they also meet with our companies. They're not interested in creating road infra-

structure and harvesting, in doing annual work schedules and forest management plans, and consultation with LCCs. They want to buy pellets. So when you have the expertise and the infrastructure of a primary forest industry, like you do across this province, not just in northern Ontario—a lot of my members are from southern Ontario—and you've got this wisdom, this knowledge, in how to harvest sustainably and responsibly, why wouldn't you want to ensure that you keep it?

The other thing is, you mentioned the auto sector is asking you for new money and for bailouts. I want to go on record as clearly stating that OFIA and our member companies have never asked your government for bailouts. We don't believe in selective company bailouts. If a company is no longer viable, a company is no longer viable. What we have asked you for is competitive measures that allow viable companies to compete globally. It's very critical for us to wake up every morning and ask ourselves: Are our policies competitive with the rest of the world? If they're not, make them competitive and then those good companies, those that you want to build on, will still be operating in your province.

**The Chair (Mr. Pat Hoy):** Thank you for accommodating us, Jamie.

**Ms. Jamie Lim:** Oh, no problem. Thank you.

#### ABITIBIBOWATER

**The Chair (Mr. Pat Hoy):** Now I would call on AbitibiBowater to come forward, please. Good morning. You have 10 minutes for your presentation. The questioning will come from the NDP in this round, and I would just ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Rick Groves:** Members of the standing committee, good morning. My name is Rick Groves. I am the forestry manager for AbitibiBowater in Ontario, and I would like to thank you for this opportunity to address you today.

AbitibiBowater has operations throughout the province of Ontario. Our annual sales for our Ontario operations only are in excess of \$1.2 billion; we're not small. The company directly employs over 2,700 employees and indirectly creates another 8,100 jobs. This company is committed to Ontario. Our proof of our commitment is the \$700 million it has invested in Ontario since the year 2000.

I would like to discuss with you today some of the initiatives we feel are paramount in importance to AbitibiBowater and the forest industry as they make their way through the economic downturn and move towards recovery.

There were a number of initiatives identified by the forest industry, and supported by this government, that have been tremendously important to our operations. My colleague Doug Murray pointed out some of the more pressing needs of the pulp and paper industry yesterday at the meeting in Thunder Bay. There, he described the growing concern our company has over rising power

rates, and you heard Jamie reference it as well. There is a growing urgency to address this issue and it is imperative that the previously announced government programs of demand response continue and that they function well.

When it comes to the woodlands operations, the area within my purview, the specific area of concern may be different but the message is clearly the same. The message is: Stay the course. These initiatives are working.

There have been a number of key measures that were identified and implemented to help restore the competitiveness of the Ontario forest sector. As an example, over the past two and a half years the government of Ontario has adjusted the crown charges associated with white birch and poplar. These adjustments had significant material benefit for the hardwood sector as well as integrated companies like ourselves, and in our case supported our continued production of our aspen pulp.

This initiative also helped the province of Ontario to more properly manage the land base. Much like some people believe the forest is nothing but pure packages of one species or another—you go into an operating block, you need to harvest all the species that are permitted. If you can't harvest all the species, your costs are down; if you can, your costs are up. So every company that receives wood from that particular block of property gains, not just the hardwood industry. This helps everybody and it helps the province of Ontario.

We were gratified to hear, at the pre-budget consultations with Minister Duncan, that these adjustments will continue.

There have been a number of other key measures that were identified and implemented to help restore the competitiveness of the Ontario forest sector that require this government's attention and continued support.

Programs like the road maintenance and construction funding, as well as the creation of the forest sector prosperity fund, to name a few, have stimulated activity, investment and confidence on the part of our company.

The Fort Frances biomass boiler received a \$22.5-million grant from the prosperity fund, but that grant supported an \$84.3-million investment in Ontario. That project is going live as we speak. That's an investment this year in the province of Ontario.

This is just one of three projects that have stimulated capital investment on the part of our company. This is a true and valuable business partnership. This is the kind of investment we need to continue. There are more opportunities for this to happen within AbitibiBowater operations.

The roads program has been very effective at reducing wood costs. This is one of the most critical inputs, along with energy, for our operations. It is important to note that this roads program has been beneficial to more than just the industry. In fact, those who use forest access roads for recreation, for instance, have experienced more roads that have continued to be maintained. During these economic times, companies cannot afford to maintain the entire infrastructure without some support. This is an infrastructure that belongs to the province of Ontario. It's



not an infrastructure that belongs to the industry. Still, this funding does not cover the entire cost of road construction and maintenance, and companies continue to have to make up the difference in the cost.

Again, however, in times that are financially challenging, we can only encourage you to maintain the course, to continue to support these programs, and continue to maintain an ongoing dialogue with our company and others in the progress and process of recovery.

Finally, I would be remiss as a forestry manager if I did not reference the need to maintain a sound and stable fibre basket from which to draw and develop. Access to a predictable, continuous supply of fibre is a fundamental component of a healthy forest industry and necessary for a company like ours to leverage future investment and to grow new products from existing infrastructure. One of the biggest critical components of that biomass boiler in Fort Frances was people like me committing to a board of directors that there was a continual supply of biomass. Without it, the project was dead. It was critical for us to understand it and be able to say the province of Ontario was committed to making that biomass available.

Today's forest products industry is more than wood, pulp and paper. It's the platform for the development of new products and industries like biofuels and bioenergy. However, we need a healthy primary industry to achieve the benefits of a value-added one.

To give you an example relating to the question we just heard: To create pellets, you use the parts of the tree that are not used for the remaining products. If you're not harvesting the tree and pulling it out for pulp or lumber, you're not generating those other parts of the tree that can be used for pellets. So if you don't have someone wanting to buy lumber or pulp, then you can't afford to make the pellets. Those are the things, those are the synergies and important criteria to have all aspects, and if the primary industry is financially stable, then you can afford to build the infrastructure, maintain the roads, do the forest planning, and at the same time bring out additional products that can be used for bioenergy and biofuels.

The overall message is simple: The programs put in place are valuable and have supported our company in the most challenging times. We need to continue to maintain these programs in order to facilitate the recovery and transformation of the industry that is so vital to this province.

AbitibiBowater wishes to continue to be a significant employer, consumer and income generator for this province. Please help us secure a long-term future. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you. Questioning will go to the NDP. Mr. Prue.

**Mr. Michael Prue:** Yes, a question here on electricity: You say there is a growing urgency to address the issue. We heard from the previous deputant looking for a short-term solution for electricity rates, for a rebate. Are you looking for a short-term or a longer-term solution?

**Mr. Rick Groves:** I think you heard that message from Doug Murray in Thunder Bay yesterday. As I mentioned very clearly, I'm the forestry manager. Energy goes into the facilities. I look after trying to keep the company cost-competitive in the forest sector. So energy is not my area of expertise, but I think he shared with you the message.

**Mr. Michael Prue:** All right. But especially around the Timmins area or northeastern Ontario, we have heard that some of the logs, some of the pulp logs and other logs, are going over to Quebec to be processed. Is that true?

0930

**Mr. Rick Groves:** The province of Ontario has a set of rules that allows anybody, whether it's AbitibiBowater or not, to move wood to those destinations that it approves. It has to be offered to Ontario operations first, and only if there is no home is it offered elsewhere. The movement of that wood often helps the Ontario companies because in some cases, as I mentioned earlier, if you don't have a home for all the products, the cost of operating an area goes up or it becomes prohibitive and you cannot access them. So it's often better use of the resource, in some cases, to move some products to destinations outside the province when there is no home for them in Ontario.

**Mr. Michael Prue:** Is part of the reason it's going to Quebec because their power costs are less?

**Mr. Rick Groves:** I could not answer why the Quebec industry was operating at the time and why it was not.

**Mr. Michael Prue:** All right. Let's go over to the next question. The initiatives that were offered by the Ontario government—you're asking that they be continued. Has there been no indication from the government that they will be continued?

**Mr. Rick Groves:** There has been indication that they will be continued.

**Mr. Michael Prue:** Okay. So you're just asking again, even though you've already been assured?

**Mr. Rick Groves:** Programs change. We're asking you to stay the course, continue the commitment, and in some cases, such as the white birch one, we're asking it be extended.

**Mr. Michael Prue:** Now the Fort Frances biomass boiler: Are you looking, as a company, to do that across all of Ontario?

**Mr. Rick Groves:** The company will implement new boilers wherever it's cost-effective. We are completing the one in Fort Frances; we are exploring opportunities in Thunder Bay as we speak. Elsewhere we'll be depending on what we have.

**Mr. Michael Prue:** Does that depend on the amount of biofuel or biomass that's available?

**Mr. Rick Groves:** Biomass is one of the critical components in any one of those boiler projects. You have to be able to demonstrate that you have a significant amount at a reasonable cost, and a predictable supply.

**Mr. Michael Prue:** So is it your intention, wherever you have those three factors, to build the boilers?

**Mr. Rick Groves:** It all depends on the facility itself. I can only tell you from the forest perspective—the biomass; that is only one component of our project. The costs of that project would relate to other factors associated with the mill which I mentioned earlier. I'm not the mill expert. I couldn't tell you where and when it would be beneficial to do a biomass boiler everywhere.

**Mr. Michael Prue:** Thank you very much.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Rick Groves:** Thank you.

#### ELEMENTARY TEACHERS' FEDERATION OF ONTARIO, RAINBOW TEACHER LOCAL

**The Chair (Mr. Pat Hoy):** Now I'd ask the Elementary Teachers' Federation of Ontario, Rainbow Teacher Local, to come forward. Good morning. You have 10 minutes for your presentation. There might be up to five minutes of questioning; in this round it will go to the government. I would just ask you to state your names for the purposes of our recording Hansard.

**Ms. Pat Gordon:** I'm Pat Gordon, president of the Rainbow Teacher Local.

**Ms. Barb Blasutti:** Barb Blasutti, vice-president.

**Ms. Pat Gordon:** The Elementary Teachers' Federation of Ontario, Rainbow Teacher Local, appreciates the opportunity to participate in the pre-budget hearings. The local represents approximately 650 teachers in the Sudbury, Espanola and Manitoulin areas.

Despite the current economic situation, ETFO and the Rainbow Teacher Local believe that this is not the time to withdraw from commitments to poverty reduction or to reduce investments in education or other social programs. Our youngest and most vulnerable citizens need a continued commitment from this government to improve their well-being and to build long-term capacity and sustainability.

Recently, the government announced that it was making a commitment to reduce child poverty rates by 25% over five years. This investment in the future of children is even more important now in the times of an economic recession. One of the benefits of an anti-poverty agenda would be the reduction of the gap in achievement that is often observed with students who live in poverty.

Educators in Rainbow are accustomed to addressing social issues in the classroom, poverty being the most common one. Our educators see the consequences of poverty on a daily basis: lethargy, inability to pay attention, inability to focus for long periods of time and behavioural issues, to name a few.

Recognizing how hard it is for children to learn when they are hungry, some of our schools have implemented breakfast and/or food programs. These are either funded by community groups, such as the Human League or Better Beginnings, Better Futures, or by the school. In some cases, it's the teachers themselves who purchase the food since other funding isn't available.

Poverty has a detrimental effect on a child's self-esteem, as it precludes them from participation in various activities. For example, the inability to afford the cost of organized recreation activities is a barrier that sets poorer children apart from their fellow students.

Teachers also see the effects of poverty in many other situations: for example, a lack of adequate clothing or the inability to afford medications or prescription glasses. Nothing reveals to their peers a child's socio-economic status as obviously as not being able to participate in the usual hot dog and pizza days. Students who have their basic needs met are more interested in learning and more willing and able to take part in school activities. Their improved levels of participation help them to reach their full potential.

As the government moves forward with its poverty reduction commitments, the federation encourages it to build on the current initiatives by raising the minimum wage, increasing investments in child care and expanding the availability of affordable housing.

It was very heartening to hear that the government was planning to introduce full-day junior and senior kindergarten beginning in 2010-11. Full-day kindergarten programs bring important benefits to the development of all children, but particularly to children from disadvantaged backgrounds. Current research demonstrates that full-day kindergarten programs contribute to school readiness, improve literacy achievement in higher grades, narrow the gap in achievement levels for low socio-economic-status students, improve retention rates and provide better integration of kindergarten into the elementary school system.

Full-day SK has been available to Rainbow students for many years. This program was originally designed as an add-on to the existing half-day kindergarten program with a focus on emergent reading and writing skills. Over time, the program has evolved into a popular and effective model that has benefited the young learners of Rainbow. As a Rainbow kindergarten teacher recently stated, "The benefits of a full-day kindergarten program are immeasurable. I have more time to spend with my students, especially those who need extra assistance. I am able to plan a wider variety of learning experiences tailored to the learning styles and academic achievement levels of my students. I know the children so much better since I spend all day with them. I have more time to address their individual needs through flexible planning and assessment."

ETFO supports a full-day model such as this that is play-based in its pedagogical approach, staffed by qualified teachers and located in publicly funded elementary schools. ETFO's priority objective is to close the gap of \$711 per student between elementary and secondary education. This gap has a direct impact on both students' learning conditions and teachers' working conditions.

Measures introduced since the Liberals formed government in 2003, such as capping primary classes and funding additional specialist teachers, have made a difference. However, with funding levels remaining



significantly lower, elementary education is still being short-changed in terms of funding for textbooks, computers, class sizes in grades 4 to 8, specialist teachers and teacher librarians. In Rainbow, for example, we have very few librarians or specialist teachers and we have some large grade 4 to 8 classrooms.

One of the concerns that we often hear from teachers is around the class size in grades 4 to 8. They tell us that it is becoming increasingly difficult for them to adequately meet the needs of their students when classes are large. Smaller class sizes across the elementary grades are important in light of the number of students with special needs who are integrated into regular classrooms. These students require individual programs and more individual attention from their teacher. Our teachers are concerned that larger numbers impact negatively on increased expectations around assessment and reporting and their ability to provide the individual instruction that their students need.

The funding of additional specialist teachers did result in some teachers being added to the arts program in Rainbow, but not many. This year, for example, we have one itinerant music/dance/drama teacher and half a teacher for visual arts for kindergarten to grade 8 for all of our elementary schools. Teachers have expressed their appreciation for the assistance and instruction they received in the arts through the limited visits of these teachers and have continuously indicated that more visits by specialist teachers would benefit their students. Some of our junior and intermediate students have access to instrumental music at their schools with opportunities to participate in the school band. Some of our schools, often the schools where the students would most benefit, do not. They are disadvantaged because specialist teachers are not available, nor are the funds for music instruments.

The Ministry of Education has directed considerable resources and attention to improving elementary students' achievement levels in literacy. It is ironic that well-stocked school libraries and teacher-librarians do not seem to be part of the literacy plan. In Rainbow, we have no full-time librarians, with most schools being staffed with a 0.25 library teaching assignment. This allotment does not provide for consistent library time for students.

0940

Good school libraries are also important to our lower socio-economic students, through access to books, computers and other learning materials. Well-stocked and well-staffed school libraries should be a part of the literacy initiative. Instead, school libraries are not being replenished and trained teacher-librarians are quickly becoming non-existent.

This year, for the first time in many, we have an elementary teacher working in the area of design and technology, but only in two schools. Family studies programs are not available to Rainbow students. These programs relate to students who are more successful in a hands-on environment and have been shown to be a factor in reducing dropout rates.

Investing in small class sizes, full-day kindergarten, design and technology programs, specialist teachers, and teacher-librarians will enhance elementary school programs. This will also help to mitigate the job losses among teachers during this period of declining enrolment that Ontario is experiencing. These investments will also contribute to improved levels of student achievement, narrowing the achievement gap among students, and will increase public confidence in our public education system. Our students deserve a continued investment in elementary education.

We have three recommendations around the report:

(1) that the government expand its poverty reduction plan to include immediate increases to the minimum wage, increased investments in regulated child care, and more affordable housing;

(2) that the government commit to closing the gap in per pupil funding between elementary and secondary education; and

(3) that the government allocate sufficient funding to ensure that its planned full-day kindergarten programs are staffed by teachers certified by the Ontario College of Teachers, located in publicly funded schools, and supported by before- and after-school child care programs.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to the government. Mr. Arthurs.

**Mr. Wayne Arthurs:** Pat and Barb, thank you both for being here this morning. I know that with the size of Rainbow and some of our school boards, it's a bit of a challenge, obviously, with the distances you have to cover.

I think I can provide some level of assurance on your earlier comments regarding reducing investments. I don't believe that our Premier would entertain a reduction in investments. I guess the challenge will be to determine at what pace one can increase that investment level. But I think the Premier has been clear on what his objectives are. On the poverty front, as well, he has been quite clear publicly that that agenda will not be allowed to fall off the table, irrespective of our current economic climate. So we'll have to wait for the budget in and of itself, our recommendations, and the development of the budget by the minister to determine exactly how that's going to flow forward.

Can you tell me a little bit about the challenges you're facing now in the context of enrolment in particular, with the geography you have to deal with and with the population you're dealing with? Are the enrolment structures declining? If so, how is that affecting your ability to deal with class sizes, in particular, whether it's primary and the cap, or in the junior and intermediate grades?

**Ms. Pat Gordon:** We do have declining enrolment in the Rainbow board, and it has been going down steadily over the last few years. We have experienced some more schools that would possibly be looked at for closure—putting schools together, if they're in the outlying areas. In some of the city schools, class sizes becomes more of a problem, because that's where we do experience the larger sizes; not so much out in the outlying areas,

although I must say that in one of our outlying areas, in a small town, they are reporting that they are having large-class-size issues in grades 4 to 8.

**Mr. Wayne Arthurs:** Mr. Chairman, I believe Ms. Pendergast has a question or two.

**The Chair (Mr. Pat Hoy):** Ms. Pendergast.

**Ms. Leeanna Pendergast:** Thank you both for being here this morning.

I do want to focus on a couple of things that you've put forward in your presentation.

This government has spoken about primary class sizes at length. First of all, we have an education Premier. I speak to you now as an educator of over 21 years in our schools and dedicating my life to students, so having lived through this over the course of several governments. In 2003 we all saw changes to education and improvements to class size, to the student success program of this government, more adults in school—children and youth workers—doubling the student nutrition program. As a principal, seeing these supports and the difference they make to children in our schools, we can all agree these have been incredible and significant improvements to both student programs and to teachers as well, to staffing.

In the 2008 budget that this government is proposing, the grants for student needs, we're talking about funding school boards \$18.8 billion, an increase of \$315 million. The dollars are there in the schools, even in times of fiscal restraint.

To take that one step further, my question is, how can schools and teachers and federations work together better with community partners and community resources that already exist to partner and to bring those resources into the schools?

**Ms. Pat Gordon:** I think that there are opportunities for that to happen. I think there's a lot of dialogue that needs to go on around that. Definitely, the educators within the school have to have the ability to determine how their children are going to be taught, how they're going to be educated. They have to make those decisions.

Certainly, we have had community partners in the Rainbow board. They have worked together at times in some schools, and some throughout the whole of the district. Exactly who those partners are, I couldn't tell you offhand. Probably the Rainbow District School Board would have a better ability to tell you that.

**Ms. Leeanna Pendergast:** But fundamentally, you would support that concept of teachers partnering with community resources and service agencies to better serve the needs of our children?

**Ms. Pat Gordon:** I think that if there is dialogue around how those community partners could come in and how they could be helpful, yes; not just a case of, "Yes, let's bring them in and let's have them all here and we'll all work together." If there's a need for it, I'm sure we could work that out. Still, teachers, principals, school administrators and board administrators are the ones who deal with the children's needs, the curriculum, and all of the other things that are involved with this.

Add-ons—sure.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

## GRANT FOREST PRODUCTS

**The Chair (Mr. Pat Hoy):** Now I would ask Grant Forest Products to come forward, please. Good morning. You have 10 minutes for your presentation. The official opposition will be asking the questions in your round. I would just ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Bob Fleet:** Thank you. Good morning. My name is Bob Fleet. I am the vice-president of woodlands and environment for Grant Forest Products for all of our operations throughout North America.

Grant Forest Products is an Ontario-based international forest products company with our head office in Toronto, Ontario. We operate five oriented strand board mills: two in Ontario, one in Alberta and two in South Carolina. We also operate a value-added coated wood mill in Earleton, Ontario, and we just began manufacturing wood pellets, also in Ontario. We were motivated to build our value-added coated wood mill in Ontario because of an existing Ontario government program, the forest sector competitiveness secretariat prosperity fund, administered by the Ministry of Natural Resources. In short, I would describe our company as job creators.

Four of our five OSB mills are the largest operating OSB mills in the world, with Englehart, Ontario, still holding the title of largest operating OSB mill in the entire world. That mill employs 150 people directly and 450 people indirectly. It generates to all levels of government \$40 million of taxation per year. Between the direct and indirect employment, it generates a payroll and payroll burden of \$45 million per year—this in the town of Englehart, with a population of 1,500 people.

Numerous OSB mills throughout North America have struggled during this protracted housing recession. We are now entering the fourth year for the downturn in housing. Many of the smaller, older, first-generation OSB mills have closed permanently. Some of those were in Ontario. More will close before we're out of this current recession.

For the most part in Ontario, the forest industry has completed much of the restructuring and belt-tightening that was necessary, firstly, to compete on the global stage, and then to weather the economic storm that is now affecting literally every sector. We have been at this longer than auto or banking or mining or retail, and so the forest sector is closer to having completed the restructuring that others are only now just beginning. More mills will close, but if Ontario acts wisely, those closures will be elsewhere.

**0950**

As Ontario works through this current recession and transitions itself into a new green economy, the provincial government will be looking towards those industrial sectors that are able not only to meet the economic



challenges that are in front of us but that are also able to do so in a responsible and environmentally sustainable fashion.

Grant Forest Products, for example, in all the different jurisdictions in which we operate, is either certified to FSC or CSA or SFI. Those are acronyms that, if you're in the business, are third-party recognition of your good, sustainable track record.

Beyond the current crisis, Ontario's forest sector has a very positive future, and that is why we are asking government to maintain existing forestry sector programs throughout 2009 and implement forward-looking policy that will provide our sector with the certainty it requires to complete its transformation.

Government programs to date have assisted viable mills such as Englehart that have taken aggressive action to improve cost competitiveness, retool and invest in themselves, to continue operating throughout this crisis. It is these mills that are positioned to become the foundation of Ontario's new green economy.

Simply put, we have the people who have the expertise, we have the infrastructure, and most importantly, we have great opportunities to expand our sector by developing new green products and growing exciting new markets.

Combine being the environmentally friendly choice with the fact that Ontario, with its platinum world-class forest management, has an extremely positive environmental reputation, and you have massive opportunity.

Another new opportunity that is emerging is the bioeconomy. For the past 60 years, long before the term "biofuel" became sexy, the forest sector has been using biomass as fuel within its manufacturing processes.

Today our sector has cut its reliance on fossil fuels by more than half through the reuse of forest industry by-products, making us the leader in the reduction of greenhouse gas emissions. At Englehart, for example, we use the tree bark as fuel for process heat. This reduces our dependency on the use of natural gas and coal-generated electricity.

Our sector is also well positioned for manufacturing pellets to meet the growing demand for renewable energy as our province moves away from coal. As a side note, last month Grant Forest Products began manufacturing pellets in Ontario using existing mill by-products that were previously being sent to landfill sites. This product is flying off the shelves and we can't keep up with demand. We're producing over 1,000 bags of pellets per day right now, and if we miss a load for a snowstorm, the retailers are calling us and asking us what went wrong. We only wish we could access more capital so that we could produce more pellets. Programs such as the prosperity fund, which is coming to an end in 2008, are the kinds of programs that provide us with access to the capital that we need to do more of the same.

We also support OPG's tentative decision to replace coal-generated electricity with pellet-generated electricity. All the money now spent buying coal out of province or out of country can now be spent buying pellets

manufactured in Ontario. In addition, pellets are a renewable source of energy and will likely contribute to our achievement of Kyoto targets.

There is great momentum building in our province, our nation and the world for the sustainable use of local wood products, but beyond these local opportunities, it is critical to note that when the current economic downturn comes to an end and global economies begin to rebound, lots of opportunities will rebound or appear for the first time. It is predicted that global demand for forest products will increase by 2% or 3% over the years ahead as world economies emerge. Growth of 2% to 3% per year is absolutely phenomenal.

Governments in New Zealand, Quebec and British Columbia have passed laws or bylaws encouraging either the use of wood or the use of more wood in buildings that use public funds—so any of the schools, for example; two-, three-, four-storey hospitals. Other jurisdictions are looking at ways to support the forest sector by saying, "If you're going to build a building with public funds, at least look at an option that uses wood."

We need government to recognize that you can't have a healthy auto parts sector without a healthy auto sector, and you can't have a healthy biofibre or value-added industry without a strong, well-integrated primary forest sector. To access forest biofibre to generate electricity, you need an existing, strong primary forest industry writing management plans, building roads and cutting trees so that the bio-energy subsector can follow behind and capture the by-products needed to produce bio-energy.

As an example, the new coated wood mill that I spoke of in Earleton, that was built with access to the prosperity fund program, would close if our Englehart facility closed. So it's just like the auto parts: If you close the plant, you have to close the auto parts makers too.

Today, Grant Forest Products, an OFIA member company, is supporting the OFIA's five recommendations:

First, maintain the industrial fibre basket. All of the opportunities need wood. Every time government policy removes large tracts of land from Ontario's fibre basket, economic opportunities and jobs are lost. As Ontario continues to move toward the implementation of a green economy, we request that the government continue to recognize the commitment to 24 million cubic metres of wood per year.

Maintain the competitive measures that have been put in place since 2005: road maintenance, forest resource inventory, wood promotion, the prosperity fund, the loan guarantee program and the electricity program for pulp and paper.

Maintain the poplar and white birch stumpage dues program at \$1.07. The most compelling example I can provide you today is when the budget was introduced for 2008 and became effective, I think, on April 1 with the government fiscal year; at that time, for five weeks ahead of that time, our Englehart mill was closed. We were paying \$4 to \$5 for crown dues and the budget last year reduced that to \$1. It was one of the major contributing

factors to us reopening our Englehart mill, our flagship mill and the largest mill in the world.

**Ministry of the Environment:** We're not saying don't do the things that the Ministry of the Environment and the government want to do. We're just saying that we can't cope with it right now, so please pick the number one priority and implement it and put the other ones aside until we get out of this recession.

**Industrial electricity rebate:** Government should consider implementing a temporary industrial electricity rebate that makes Ontario's industrial rate competitive with other jurisdictions. We run five mills in three jurisdictions: two provinces and a state. We're at a point, frankly, where choosing between jurisdictions—if something doesn't change with respect to electricity, Ontario's the jurisdiction that's going to lose. As I sit in my dining room at my house in northern Ontario I literally look at the province of Quebec. That's how close to the border I do live. I drive 50 kilometres to work. I could drive over to Quebec, 20 kilometres to my nearest competitor, and they pay 40% less for electricity. So it clearly is a boardroom decision with respect to which mill to keep open and who's going to be more competitive than us, and electricity is a major problem for us.

So as you contemplate billions of dollars of new money for the forest sector, we ask that you maintain the forest sector's competitive measures that you've previously put in place. We don't object at all to you helping the auto sector in Ontario, but please don't do that at the expense of the programs that are in place, that are helping the restructured forest industry, the viable mills and the viable companies that are operating in this province. We don't want that to be done at their expense. We don't want to see those facilities have to close.

Thank you.

**The Chair (Mr. Pat Hoy):** And thank you. This round of questioning goes to the official opposition. Mr. Barrett.

**Mr. Toby Barrett:** Thank you, Mr. Fleet, for the presentation. You talked about a thousand bags of pellets a day. Is this for local wood stoves or something, or what is that product for?

**Mr. Bob Fleet:** The thousand bags a day that we're producing right now are being sold retail. The homeowners who are not on natural-gas-accessible locations have flocked to wood pellet stoves over the last number of years. As the prices have increased, and with a number of closures of the primary forest sector in Ontario and elsewhere, the availability of sawdust, which is used to make pellets, has dramatically declined. There's actually a huge pellet shortage right now in all of eastern North America.

We were, in fact, landfilling sawdust at our facility, and we decided to jump into the pellet business. Yes, it's retail for now. We're also test driving, on a small scale, the manufacture of pellets, so that when OPG decides that they're going to do this on a grand scale we'll know what we're doing and talking about so that we can work with OPG as well.

**Mr. Toby Barrett:** When we talk about that grand scale—I have the Nanticoke Ontario Power Generation facility down my way. Every day a lake freighter comes in full of coal. Would we have the supply and the facility to move that down the lakes, say, from this area to Lake Erie to the St. Clair River for the other plant?

**1000**

**Mr. Bob Fleet:** If all the mills that are in Ontario right now, both open and closed, were to reopen, you might get close, depending on—because there are sawmill residuals that are not being produced right now that could be turned into pellets. If some of the mills don't reopen, then there would be raw fibre available to make pellets. So I think the answer is yes.

**Mr. Toby Barrett:** How about the impact on the price of wood? If the grand scale did develop, is that going to be a problem for the industry?

**Mr. Bob Fleet:** I have colleagues in the industry who have expressed the concern that if you create the demand—I think the total demand at Nanticoke could be for as much as seven million or eight million tonnes of wood converted into wood pellets. If you create that new demand, then I think those of us in the business are nervous. At the same time, there are mills in Ontario that have permanently closed and freed up available fibre. So there's a supply-and-demand restructuring that will occur if Ontario Power Generation does convert to pellets.

**Mr. Toby Barrett:** Mr. Hudak has a couple of questions.

**Mr. Tim Hudak:** I want to follow up on a part of your presentation and Jamie Lim's presentation on the access to the fibre basket. The government has its boreal initiative—I'm not sure if that impacts on Grant particularly, but it does impact the industry—the Endangered Species Act etc. Could you give your view to the committee on this incursion on the fibre basket and the impacts on the sector?

**Mr. Bob Fleet:** I've been working now in Ontario for 28 years. I worked 14 years inside government for the Ministry of Natural Resources and 14 years outside of government for Grant Forest Products, so I have seen this question from both sides—if you can say there are two sides—and through a number of governments and a number of Premiers and ministers. There seems to be a propensity, irrespective of the stripe, to want to leave a green legacy. Every time a government decides they want to leave a green legacy, that becomes a park in northern Ontario or a program in northern Ontario that restricts our access to fibre.

The huge concern that the forest industry has right now is that because we're almost in the worst recession that hopefully we'll ever see in our lifetime and so the demand for that forest fibre is at the lowest, hopefully, we'll ever see in our lifetime, it's very easy to say, as the campaigns are saying, "They're not using it anyway; let's make more parks." It's very easy for governments to agree and to make more parks, but you're robbing us of our ability to earn a living and you're robbing our kids of their future, in terms of good, well-paying jobs that



generate taxes to fund programs, like the previous speaker was asking about moments ago.

**The Chair (Mr. Pat Hoy):** Thank you for the submission.

### ONTARIO COALITION FOR BETTER CHILD CARE

**The Chair (Mr. Pat Hoy):** Now I call on the Ontario Coalition for Better Child Care to come forward, please. Good morning. You have 10 minutes for your presentation. The questioning will come from the NDP in this round. I would just ask you to identify yourself for the purposes of our recording Hansard.

**Ms. Tracy Saarikoski:** My name is Tracy Saarikoski. I'm the co-president for the Ontario Coalition for Better Child Care.

The Ontario Coalition for Better Child Care is a non-partisan advocacy organization representing 500 organizations and individuals in the child care and early learning sector.

Actions taken in this budget could mean the difference between a brief, shallow recession and a long-term economic crisis. It's also an opportunity to contribute to a strong and vibrant modern economy. We know this means investing in the development of a child care and early learning system for Ontario. Restarting Ontario's economy will require access to affordable child care, and sustaining growth and prosperity over the long term is dependent on the quality of the care provided.

Child care, like no other public investment, is critical in times of serious economic uncertainty. Early childhood education and care can generate economic activity and stimulus. People can't work without child care. Modern families use child care services every day to work and study. More than 70% of women with children under six are in the workforce in Canada, and an even higher proportion of fathers. Child care stimulates local economies. The sector employs a lot of people, and lower costs to parents free up dollars for local spending.

Quality child care makes us more economically competitive. There are immediate tax revenues generated from parents who are working and over the long term a healthy productive workforce is created.

Access to quality child care reduces social and health services costs later in life. Child care is an investment and not a cost. There are long-term economic gains—a return of 2 to 1 at a minimum, and 1 to 17 at a maximum for more vulnerable populations.

Proven to reduce the rates of child poverty, we applaud the Ontario government's goal to reduce poverty for children by 25% in the next five years. However, you can't reduce poverty without creating a system for child care. Quebec's investment in child care has resulted in a 50% drop in their child poverty rates in 10 years.

These things can't happen without investments in child care and early learning. The Ontario Liberal election platform in 2003 promised \$300 million in new

provincial funding. This commitment needs to be acted upon now.

Ontario's child care sector is already in crisis and needs investment commitment to be a part of an economic recovery. The federal funding to over 20,000 Best Start spaces in 2005 is coming to an end and to date there is no public plan for the government of Ontario to replace these dollars. The threat of the loss of Best Start is a serious strain for both Ontario families and services providers. Long-established child care centres and lab schools at our colleges have been forced to close over the last year. Parents are having a tough time affording quality child care, if they can find it. In Toronto alone, 13,000 families are on waiting lists. Existing child care centres report difficulties attracting and retaining qualified staff due to low wages, no benefits and poor working conditions. In fact, instead of being a leader, Ontario has fallen terribly behind. It was no surprise that Canada ranked last among 25 wealthy countries last week in a UNICEF report card on child care.

Ontario needs a plan with financial commitment for child care in the 2009 budget. The investment must reduce costs to parents, provide improved access to quality services, expand services delivered in the public and not-for-profit sectors, and improve wages and working conditions for our educators. It's time for a public child care system.

I come today also as an executive director of a non-profit, licensed child care program. I have two Best Start sites, so I'm living and breathing Best Start right now. We service 300 children a day in three locations, and it's hell. The silos of funding are very difficult, so I ask personally that you address those silos. Thank you.

**The Chair (Mr. Pat Hoy):** The questioning will go to the NDP and Ms. Gélinas.

**M<sup>me</sup> France Gélinas:** Sure. Good morning.

**Ms. Tracy Saarikoski:** Good morning.

**M<sup>me</sup> France Gélinas:** Thank you for coming. My first questions will have to do with—you've talked about the Quebec model. I take it you refer to the model where the parent pays \$7 a day for child care. Do you know how many more child care spaces would need to be created in Ontario in order for this to be successful?

**Ms. Tracy Saarikoski:** Exactly the number? No. Probably more spaces would have to be created, but at least it would be a start for system building. All the spaces weren't created in Quebec day one when it was opened up. They had to gradually feed the process through into different age groups. Perhaps, with Dr. Charles Pascal's recommendation to the government with a possibility of full-day learning for four- and five-year-olds, that's the beginning of a system, but hopefully it's not the end.

When Quebec moved forward with that model it was in a down time in Quebec as well, and that alone definitely lifted the spirits of the families in saying, "You know what? I can do something better for our family." Accessible, affordable quality child care is there and every year they expand the system, so that would have to happen.

Best Start was a great start in expanding the system. Locally, in Sudbury, we exceeded the spaces that we were supposed to try to produce. We still have enormous wait-lists with having those excess spaces, because the wait-lists are for infants and toddlers and Best Start really wasn't supposed to address those ages at the beginning.

1010

**M<sup>me</sup> France Gélinas:** You talked about 13,000 families in Toronto on the waiting lists. Do you have an idea, here, in and around Sudbury or the northeast, what the waiting lists are like?

**Ms. Tracy Saarikoski:** In Sudbury alone, we're about 2,500 on a wait-list. We're currently moving to a centralized wait-list, so these numbers are a little bit more accessible. Come January, families will go online and register for all child care centres at one time in our cities. So right now those numbers are those who are currently on a wait-list, but once families realize the importance of licensed quality child care and, hopefully, the full-day early learning funding, I'm sure those numbers will grow rapidly.

**M<sup>me</sup> France Gélinas:** Would you know how many of either the 13,000 families or the families in Sudbury or province-wide are waiting for subsidized child care versus parents who are able to pay, just wanting a spot?

**Ms. Tracy Saarikoski:** Because you're able to download and run your municipal dollars the way that the municipality wants to run, our subsidized dollars are attached to the parent, whereas in Ottawa, for example, the subsidy dollars are attached to the child care centre. So you could be full-up with full-fee-paying families or subsidized families and really have to watch your dollars by the end of the year, because they're not attached to the parent. Here in Sudbury, families often don't know if they've qualified for subsidy until they have their spaces. To give you a true impression, it's really difficult because parents can't find out. The new formula is starting to help but, still, there are really difficult interpretations of that formula.

**M<sup>me</sup> France Gélinas:** Okay. I'd like to talk a little bit about the problem of recruitment and retention of personnel. Could you give us some examples of some proactive policies that can be put into place so that we solve the problem of retention and recruitment?

**Ms. Tracy Saarikoski:** The biggest one would be funding. Front-line educators are not paid what they deserve. They have a two-year diploma from a college and more—some have degrees on top of that—and they're not recognized for the work that they're doing. An entry-level college graduate of two years is making at least \$20,000 more a year than what an early childhood educator would make at that starting rate.

Looking at the wages and wage enhancement grants that our governments give us, again, they're based in a silo—"Oh, those people are going to get a Best Start wage enhancement grant; these people get a Day Nurseries Act wage enhancement grant." We need to eliminate the silos and have some direct funding, which

would help our operating bottom-line costs and pay educators what they deserve.

Our community here in Sudbury is very proactive and we've actually formed a committee for retainment, recruitment and regaining the quality educators in our community who have left us and gone to work at Costco and Tim Hortons. They go to these organizations because of benefits. We have front-line educators in our centres who don't even have benefits. There's no pension plan. Those would be direct things that our government could be looking at.

Here in Sudbury, we're offered the new grant upgrading program to get your diploma after your working day. It's through the Internet; it's through two-week study blocks in the summer and on weekends in the wintertime. These educators are working a full, long day, all day with children, and then having to do full-time studies as well. At least there's some grant money, so some of my educators on my team took this on. This needs to be ongoing; it has been for a second year, but it definitely needs to be something that we look at every year so that we can get the number of qualified staff in our workforce, because there are lots who are otherwise approved, as the ministry calls it, allowing them to work with certain conditions in that specific centre, but it's not really doing enough.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### DOMTAR INC.

**The Chair (Mr. Pat Hoy):** And now Domtar Inc., please. Good morning. You have 10 minutes for your presentation. The government will be asking the questions in this round. I'd just ask you to identify yourself for our recording Hansard.

**Mr. Brian Nicks:** Thank you, Mr. Chair, and members of the standing committee. Thank you for once again holding pre-budget consultations here in north-eastern Ontario and for granting me the opportunity to address your committee.

My name is Brian Nicks. I am Domtar's director of forestry for Ontario. I'm based in the town of Espanola, which is just an hour west of here, and have been an Ontario registered professional forester with government and industry for nearly 30 years.

I'd like to present some reflections and some recommendations regarding the economic situation facing our company and indeed the broader forest industry in Ontario. By now you have heard from various regional and provincial organizations about the severe financial and human toll extracted by the early recession Ontario's forest industry has already faced for more than two years—up to four years, depending on the sector one finds oneself in. In my estimation, nearly 50% of industrial capacity—in lumber, pulp and paper and panels, plus the logging industry—has been idled, most of it indefinitely and some of it, unfortunately, permanently. Those companies that still operate are the survivors—for



now and hopefully forever—but are by no means out of the woods given the global credit crisis, the low-cost foreign competition we face, secular paper demand declines and a US housing market not expected to fully rebound until at least 2011, although we're hopeful for signs of a rebound at the end of 2009 and into 2010. But this is truly a serious business situation we find ourselves in.

In response, we at Domtar have been forced to permanently close a number of our Ontario mills, at Cornwall and Ottawa, which were paper mills, and most recently the paper mill portion at Dryden, after 100 years of paper production. We have chosen instead to focus on those mills that are more strategic and more competitive, such as Dryden's softwood pulp mill, the Espanola specialty pulp and paper mill, an hour west of here, and our Nairn Centre, Timmins, Elk Lake, Gogama and Ear Falls sawmills. We also have a value-added mill in Sault Ste. Marie that we're supporting. However, even those facilities remain on constant watch as markets decline, as prices fall and costs remain stubbornly high in comparison to our global competition. It will require the extraordinary commitment and creativity of our 2,000 Ontario staff, employees and contractors, assisted where possible by our government partners—and I mean that sincerely—to weather this continuing and unprecedented storm.

At Domtar, our survival strategy is focused on a variety of areas, three of which the Ontario government can meaningfully contribute to in 2009 and beyond.

Firstly, we need a secure long-term fibre base that meets present and future volume needs and provides a compelling incentive for boards of directors who may not be in this country to invest scarce capital in Ontario. Particularly given the existence of alternative investment jurisdictions and the mobility of capital, there is a need to dispel the growing perception that Ontario is more about forest preservation than about forest management. By that, I mean a balance is appropriate and required to attract investment. Proposed tenure reforms which the government may be contemplating need to enhance and not diminish business certainty. Indeed, a formal government commitment to supporting the 24 million cubic metres per year of total commercial fibre used by the forest industry during normal market periods, which we expect to return because it is a cyclical business, would send a powerful and reassuring signal to investors.

Secondly, we need that secure fibre base to be both affordable and competitive, which it most certainly is not on even a North American, let alone a global, basis, despite the good efforts of the government and the industry over the last two or three years. Ontario-delivered softwood pulp fibre costs, for example, in 2007 were 14% higher than those of British Columbia, and a disturbing 52% higher than the US South's, which is a major competitor of this province in the softwood pulp sector. Government can help level this tilted playing field by maintaining the current \$3 per cubic metre stumpage reduction on intolerant—that is poplar and birch—hardwoods. Something to consider, if it can be done, is to

reduce base stumpage on softwood pulpwood as well by at least \$2 per cubic metre to compete with western Canadian provinces, such as BC, Alberta and Saskatchewan, and by exempting the off-highway hauling of raw forest products from provincial fuel taxes.

### 1020

The other beneficial programs that have been proven to be successful and helpful in our wood costs that must continue are the Ontario forest roads program, which shares the cost of building and maintaining public forest infrastructure between government and industry; and the forest sector prosperity fund, which provides some capital monies, the vast majority coming from the private sector, to invest capital for value-added facilities, energy projects etc. Since fibre accounts for about 35% of a pulp mill's input costs and 65% of a sawmill's input costs, I can't overstate the urgency of dramatically reducing current costs of fibre to at least North American average levels if we are to survive.

Thirdly, we require competitive long-term industrial electricity rates, as you've heard from some of my colleagues. The northern pulp and paper electricity transition program, which is scheduled to end in 2009, in our view must be extended, since even after the \$10-per-megawatt-hour rebate, our net rates remain 45% higher than Quebec's and 65% higher than BC's industrial rates. Other needed measures could include a buy-all, sell-all arrangement on internally produced electricity from green energy sources such as black liquor and forest biomass, which are routinely burned at pulp mills, whereby such energy could be deemed to be sold to the Ontario power grid at green energy rates, with actual consumption purchased back at conventional industrial rates. Such an approach would also recognize the forest industry's historic leadership in carbon-neutral power generation, and in the case of our company would confer approximately a \$12-million annual benefit as we struggle with rapidly falling softwood market pulp prices declining from perhaps \$800 a tonne to \$500 to \$550, which is below the cost of production.

Domtar and its predecessor companies have a 150-year history of forestry and mill operations in Ontario. As mentioned, we currently employ more than 2,000 people in northern Ontario. We also contribute well over \$1 billion annually to Ontario's economy through the purchasing of goods and services, and half of this comes from companies and suppliers based in southern Ontario. We are also proud of our achievements in sustainable forest management, in Forest Stewardship Council certification—in which we are a leading company—in community support and in the employment of hard-working men and women who produce high-quality Ontario products every day.

Recognizing Ontario's challenging fiscal situation in 2009, we are not asking for either a bailout or a handout. Rather, we seek the continuation of the effective government initiatives that have been in place since 2005 and some targeted new measures, if they can be afforded,

directed at approaching parity with our global competitors in wood and electricity costs.

With the recent downturn in Ontario's base metal mining industry, including in the Sudbury basin, we are all reminded once again of both the fragility of northern Ontario's economy and the need for economic diversification. Our forest industry has always been a part of that diversity, and always will be if it's provided with a competitive future investment climate.

Please continue to work with us in 2009 to create that climate of hope and opportunity. I thank you for your attention and wish you much success in your deliberations.

**The Chair (Mr. Pat Hoy):** And thank you. The question will go to the government. Mr. Sousa.

**Mr. Charles Sousa:** Thank you, Mr. Nicks, for your presentation. Chair, I'll be sharing my time with Jean-Marc Lalonde.

I appreciate your presentation and also congratulate you on weathering the challenges that you've faced over these many years, in fact. The fact of the matter is that the forestry industry, those that are around, are the ones that we look to to bring us forward. I appreciate that what you're looking for is a competitive environment, a level playing field, so that we can move forward.

Some of the previous members before us have talked about the prosperity fund and certainly some of the reduction in crown charges to try to facilitate the industry going forward by this government. They're asking for us to maintain the programs in order to facilitate this recovery and transformation.

What, in your opinion, is the impact to the wood pellets and the biomass that are being suggested for the electrical system? I know that was one of your suggestions in terms of trying to become more competitive there. Can you give us your impressions on that?

**Mr. Brian Nicks:** The impact of those programs on the wood pellets, or the impact of those—

**Mr. Charles Sousa:** Well, the wood pellets that are being proposed for—

**Mr. Brian Nicks:** What would the impact be on our industry?

**Mr. Charles Sousa:** Yes.

**Mr. Brian Nicks:** There are two sides to the coin: possible problem, possible opportunity. It depends on the nature of the fibre, where it's drawn from and the species and so forth. To the extent that it's an adjunct, an addition to industrial activity, that's all great. It's also great from a forest management perspective to be taking low-grade hardwoods out of tolerant hardwood stands in central Ontario, because the hardwood pulp industry is disappearing. Mills have closed both in Ontario and Quebec—central Ontario and central Quebec. So there is a resource sitting idle that can be accessed without harm to the current industry whatsoever and can be used, potentially, to replace coal, I would suggest, in southern Ontario. That's a huge opportunity, in our mind, that doesn't conflict with industry.

As we go farther north, and if the biomass industry scales up and begins to take full trees, tree trunks and

bole wood from the back yard or in the timber basket of the existing industry, then that's a competitive issue—not that we mind competition; we face it every day—but I guess it depends on the pricing structure that's paid to the suppliers of biomass by OPG, for example. Would they have an advantage over us?

I can't give a simple answer to it other than I think it represents, in general, an opportunity, and an opportunity for our industry to participate as well, through adding on more cogeneration facilities to pulp mills and sawmills, and partnering through joint ventures with bio-energy companies; I think that's a real possibility, as long as it doesn't erode the basic fibre base for the fundamental primary industry.

**The Chair (Mr. Pat Hoy):** Mr. Lalonde, we have about two minutes.

**Mr. Jean-Marc Lalonde:** I really have two questions. You say that the newsprint requirements in North America are declining at the present time, but according to the OFIA presentation this morning, the global market is increasing. To stay competitive, what do you think the provincial government should do to help you out?

**Mr. Brian Nicks:** First, can I address the point? The global markets for paper and wood products are increasing at 2% to 3% per year globally, but in North America paper demand is declining at 3% for uncoated freesheet, which we're in, and 5% to 10% per year for newsprint. So the growth opportunities are all overseas and, because of transportation costs, it's very difficult to compete. So I can clarify that point.

**Mr. Jean-Marc Lalonde:** Okay. My second question would be, knowing that in the province of Quebec there have been more lost jobs in the paper industry than we had in Ontario up to now, how would you compare our forestry program with the province of Quebec's program?

**Mr. Brian Nicks:** In terms of the government's support mechanisms and so forth?

**Mr. Jean-Marc Lalonde:** That's right, yes.

**Mr. Brian Nicks:** They have been earlier, they have been more targeted, and they have been more effective in assisting our cause. We operate in both provinces. I'm not as familiar with Quebec, but I certainly know that their programs came later and that's why they've been the subject of challenges by the US with respect to the softwood lumber agreement and, in my view, they have not been as effective. Their stumpage costs are somewhat higher. So I say the Ontario government has done a much better job, a focused, consultative job. I have to give credit to previous Minister Ramsay and the competitiveness council—great recommendations; many of them carried through. Many of them need to be continued.

**The Chair (Mr. Pat Hoy):** Thank you.

#### POVERTY REDUCTION WORKING GROUP OF NIPISSING DISTRICT

**The Chair (Mr. Pat Hoy):** Now I call on the Poverty Reduction Working Group of Nipissing District to come forward, please.



**Mr. Tim Hudak:** Chair, if I could just briefly, before the next deputation begins: We've heard a number of important presentations from the forest industry sector. I had put in a research request with respect to energy prices and how they affect industries like forestry, mining and other industrial uses. I'm going to add a couple of things on there from the presentation just so we can understand the implications.

I'm going to add to that request some details about the northern pulp and paper electricity transition program, how it works and its scheduled expiry date. Mr. Nicks brought up a program that I think is important too. It's his proposal on the buy-all, sell-all arrangement on internally produced electricity from green energy sources. I think it's important that the committee fully understand what that suggestion entails.

1030

**The Chair (Mr. Pat Hoy):** Very good.

Now we're with the Poverty Reduction Working Group of Nipissing District. You have 10 minutes for your presentation. There will be five minutes of questioning in this round from the official opposition. I would ask you to identify yourself for our Hansard.

**Mr. Jim Sinclair:** My name is Jim Sinclair. I'm a retired volunteer in the city of North Bay, here on behalf of the Poverty Reduction Working Group of Nipissing District. I offer our sincere thanks for this opportunity to present to you our recommendations regarding the coming budget and how it can make a difference in our particular area and also across the province.

The Poverty Reduction Working Group, of which I am a part, is a collective of major institutions: school board, health unit, district social service administration board, faith-based organizations, local individuals, and other community agencies. So we cover approximately 40 different institutions and organizations in the city. It was originally convened earlier this year to formulate a presentation to Minister Deb Matthews regarding the poverty reduction strategy. Because of the synergies that we experienced out of that, our members have since re-constituted ourselves as a continuing working group on the poverty reduction issues.

As we come to you today, we're also aware of the many presentations by allied organizations to our own that have been presented to you. We do want to align ourselves with organizations like the 25 in 5 Network, the Hamilton Roundtable for Poverty Reduction, Make Poverty History, and others. We're not going to repeat many of the things that they've already said to you. We're going to concentrate on just two issues, which I'll name in a moment.

Let me begin with this tale. Recently, Ken Dryden was in North Bay and met with a number of us at a round-table meeting. One of our members, in that meeting, told the story of 22 Manitou Street in North Bay. She explained how, for a young family—she and her partner and two children—this particular housing unit had offered major support at a critical time in their lives. Now she and her husband are self-sufficient, paying taxes,

contributing—actually, in a very remarkable way—to life in our city. Then she wrapped up her comments by explaining how, since they moved out, that very same subsidized housing unit has supported four other families in their transition to greater opportunity, further education for themselves and for their children, and secure employment.

Our recommendations today centre on two major factors where we believe Ontario's next budget can make a significant difference in our area: housing that provides healthy and safe opportunity for personal development; and the character of our labour pool. Each of these factors is critical to the reduction of poverty and to the enlargement of economic opportunity that enables communities and individuals anywhere to be more self-sustaining.

In terms of an overview regarding housing in our area, throughout Nipissing district there's a high need for more acceptable housing, and we have significant gaps and shortages in shelter capacity, transitional housing, social housing, private sector rental housing, entry-level ownership, and seniors' housing. There's a serious backlog, and the evidence indicates that future need for low-income housing is only going to increase.

In terms of details, our shelters are overloaded. We have one women's shelter, with 16 beds, normally accommodating 21 people on a regular basis. We also have significant transitional housing needs, and we can track how those actually are affecting our long-term-care facilities, which in turn reflect serious acute-bed shortages in our local hospital, and that only adds to the backlogs and longer wait times in the ER. All these housing factors on the same continuum have significant impacts right along the line.

We have over 1,600 people on the waiting list for social housing in Nipissing. That's a 16% increase over last year. Many are singles and seniors, and that's similar to other areas across the province.

So one of the first things we're bringing to you is that the 2009 budget will have a critical medium- and longer-range impact if it provides for increased supportive housing in our communities.

In the private sector rental market, our district's urban centre continues to have one of the lowest vacancy rates in Ontario. Research by our local district social service admin board indicates that the private sector rental business is unattractive for developers due to the current tax and regulatory environment. We actually have 16 apartments available for rent right now in a community of 54,000 people, plus 7,000 university and college students.

We believe—this is our other recommendation—that this budget cycle should review and change the present federal and provincial tax regimes as they relate to rental development. Combined with the low vacancy rates, rents are rising, and for people on social assistance in North Bay, these affordability gaps are more pronounced. We've outlined them in the schedules attached to our brief. They're based on income and average rents. The

gaps for our people range from what they're given—still short \$250 to \$450 a month. So we call on you people, in your role as stewards of our resources, to review the shelter allowance with a view to making it more locally specific, because some of the baselines that are used just don't apply.

A quick story: Many years ago, I was working in South Africa and I was invited to address the council on industries—the local chamber of commerce—because of a critical issue that had arisen, and that was that their best resource, their labour pool, was seriously compromised by AIDS.

When it comes to our concerns about the labour pool in our area, they relate to both quantity and quality.

Quantity: We have significant growth issues that are affecting our ability to provide a labour force beyond something that's slow and stagnant in its growth. If we're going to address poverty, we need to enlarge our labour pool in terms of quantity alone. So we want to encourage the government, in the Places to Grow Act, 2005—its growth plan for northern Ontario—to begin moving from strategy and formation into implementation sooner rather than later.

The other item, in terms of quality: Our challenge in Nipissing includes a much lower university completion rate—14.5% compared to 24.5% across the province. The number of people graduating with a high school diploma in our area is obviously much less than in other parts of the province. Continuing to increase access to education and literacy programs for all segments of the core labour force is key for maximizing what we need for a good labour force and a healthy one in the north.

The last point I want to make is that we have a significantly unhealthy workforce in the north and it makes for a less productive workforce. Over the past four years, our health region has recorded increasing rates of high blood pressure, obesity, drinking, smoking and diabetes. We have a lower number of residents reporting a family doctor, and we have serious nutritional concerns in our population that affect our workforce as well. People on social assistance in our area are spending up to 45% of their income on food. So we really hope that the budget will take seriously the need for health promotion in addition to health care in the steps that it takes in the coming year.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning is from the official opposition. Mr. Hudak.

**Mr. Tim Hudak:** Thank you for the presentation. I note that you and your colleagues have been here—

**Mr. Jim Sinclair:** I'm well supported.

**Mr. Tim Hudak:** Absolutely. They've been paying attention and taking notes, I might add. I've seen various presentations—

**Mr. Jim Sinclair:** And they're probably going to take very close notes right now.

1040

**Mr. Tim Hudak:** I wanted to hit on a number of the points, beginning with the important advice you have on the housing situation for low-income individuals in

Nipissing and other parts of the province. We had, earlier during our hearings, a presentation from FRHPO, the Fair Rental Housing Providers of Ontario, who made the suggestion—because in many parts of the province we have high vacancy rates—that a better approach, instead of building a new round of social housing, would be to provide a portable benefit to low-income individuals, and not simply those who are on social assistance, and then breaking down the barrier between moving from social assistance into the work world. What's your viewpoint on that type of program?

**Mr. Jim Sinclair:** I think that might be regional-specific. In our area, to have that kind of portability would be of little use because we don't have the options to actually use it. Our vacancy rate is 1.9% at the moment. That has fluctuated as low as 1% over the past year and I would say that's very true throughout Nipissing. We've had, in our area, the first social housing since the mid-1990s actually come on stream this year—112 units throughout the district—but we actually need that amount every year and would need that amount every year for 10 years just to meet the backlogs that are presently occurring. So if you think of housing opportunity and portability, we have to increase our stock.

The other issue that's very serious for us—and you'll find it in our brief—is that of the housing stock in our area, roughly 40% is regarded as lower grade and needing significant upgrading, in addition to the development of new housing as well. So it's a mixed thing from our end. It might be very helpful in other places, but we need new housing stock and renewed housing stock as well.

**Mr. Tim Hudak:** Yes. What do you think of the argument that, if this program were provided as a portable benefit, over time, the private sector would fill the gap and provide more affordable housing units?

**Mr. Jim Sinclair:** I think that's possible, and bringing the private sector in for more low-income and affordable housing stock is critical, but it is a challenge. We had a housing forum with over a hundred people from many different organizations in our area recently. We had one developer actually attend, and at the moment, with the present tax and regulatory regimes, in terms of both federal and provincial, they just regard it as not appealing for them to get into an area where we're desperate.

**Mr. Tim Hudak:** You make an important point, too, about increasing the labour force. One of the challenges we have in Ontario going forward is that our replacement rate will be below where our birth rates are. So we'll be having a smaller workforce going forward unless replaced by immigration. One great potential pool is people who are on ODSP who are facing obstacles to get into the workplace but want to fully participate in the workplace. What programs would you advise or have you seen working elsewhere that will help those individuals fully participate?

**Mr. Jim Sinclair:** I honestly can't answer that. I think it's a critical question. I wouldn't know, specifically, what would make the best use of that particular group in



terms of the kinds of work that we have available in northern Ontario.

**Mr. Tim Hudak:** Well, if you do have some advice later on—because I think it's important that we help make up that gap between our growing demands in labour force and our declining replacement rate. Another area of potential growth is with the aboriginal Ontario residents, particularly young people, who are dramatically underemployed. Any advice that you have in that respect to get full participation in the workforce?

**Mr. Jim Sinclair:** We were talking earlier about partnerships, and we have at our table representatives of the Union of Ontario Indians and the Nipissing First Nation. We're very aware in northern Ontario that the aboriginal population is not confined to First Nations communities alone—in Sudbury, I think, something like 10,000 aboriginal people living in the city—and that's true throughout our area. The issues around the Mining Act and how that pertains to aboriginal economic opportunities, the issues around just making sure that we upgrade our educational levels, the funding for aboriginal education on reserves—I know it gets batted back and forth, but in the Nipissing First Nation, it's actually robbing Peter to pay Paul, borrowing from some of the things that it receives money for or creates of its own in terms of a quarry and other ventures that it has in the fishery; it's moving that money into supplementing what it needs for what actually turns out to be a first-class educational system. But it's only because they have made it that, using other funds that they made available to themselves out of their own operations.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Jim Sinclair:** Thank you.

**The Chair (Mr. Pat Hoy):** Our next presenter has not arrived yet, so we will recess.

For the committee, lunch is at 11:30; checkout is noon. The taxi will be here at 12:45 or sooner.

*The committee recessed from 1046 to 1057.*

#### SUDBURY EAST COMMUNITY HEALTH CENTRE

#### CENTRE DE SANTÉ COMMUNAUTAIRE DE SUDBURY-EST

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will come to order once again. Our next presenter is the Sudbury East Community Health Centre, if you would come forward, please. For anyone at all there, they will turn the mics on behind us over here. You have 10 minutes for your presentation. The questions will be asked by the NDP in this round, and could be up to five minutes. I just ask you to identify yourself for the purposes of our recording Hansard.

**Ms. Jacqueline Gauthier:** Sure. My name is Jacqueline Gauthier. I'm the executive director of the

Sudbury East Community Health Centre—Centre de santé communautaire de Sudbury-Est.

Mesdames et messieurs, bonjour. I would like to thank Minister Duncan and the members of the Standing Committee on Finance and Economic Affairs for this opportunity to provide input on the upcoming budget—and I'm going to need a Kleenex.

I represent the Sudbury East Community Health Centre. Where is Sudbury East, you might ask? Simply put, it is the territory east of Sudbury, situated between Highways 17 and 69. The region is comprised of three small municipalities: Markstay-Warren, St. Charles and the French River, including Alban, Monetteville and Noëlville. The territory covers a total of 1,562 square kilometres. In this vast territory, you will find approximately 8,000 inhabitants. The number doubles in the summer, as it is a cottage area. The region is beautiful, and I invite you to come and visit it some time.

Allow me to provide you with some information about this population. Some 60% of the population are 40 or over. It is indeed an aging population and the youth tend to leave to find work. Many retirees come back to the region, however. The average income is around \$40,000, which is below the provincial average; 50% of the population are francophone. Many low-revenue individuals are "sent" to Sudbury East because the cost of living is lower than in Sudbury. The population has a lower level of education than the provincial average. There is a high level of chronic diseases like cardiac problems, hypertension, diabetes and cancer, notably. Many are overweight, smoke, and abuse narcotics and alcohol. Many people have not seen a doctor in many years, if ever.

Essentially, we estimate that 60% of the population of this region have no access whatsoever to health care services. "Why?" you might ask. There are no doctors in the region. The last one closed his practice to retire this past September. The population is relatively isolated. The nearest cities and hospitals are anywhere between 60 kilometres and 100 kilometres away.

A few years ago, the community got together and worked diligently to obtain a community health centre. It took them a good 12 years to finally get approval for the centre and another two to get the funding. The Sudbury East Community Health Centre is now established with two points of service, one in St. Charles and one in Noëlville. We offer primary care services to approximately 2,500 patients. We also offer a number of community-based activities to act on the determinants of health. We probably reach another 1,000 people through these activities. We offer these services in both official languages.

The community is very excited and happy to have a CHC, and they want the services we offer, especially the 5,500 who are not our patients. Some of them are getting rather impatient. A few weeks ago, we actually had to escort an abusive potential client out of the premises because he was getting very, very angry. He was a biker, so we did it very delicately. As you can imagine, this is

putting incredible strain on my staff, who have to explain to very sick people why they cannot become clients.

The truth is, the CHC does not have the human resources to take care of another 5,000 patients. Why not? First, we have the money to hire two doctors, but we cannot find two doctors to join our team. I've attended recruitment fairs, and I know competition is fierce. Now, try adding rural, bilingual and salaried to the mix and tell me if I have a chance to recruit a doctor.

This challenge applies to all my staff, actually: Nurse practitioners, nurses, dietitians, social workers, health promotion officers and administrative staff are few and far between in the region of Sudbury East. Hence, one of my first requests is that you make sure that CHCs receive adequate funding to recruit and to retain health professionals. It is essential that the government provide a stabilization-fund increase to CHCs equivalent to the other community-based, LHIN-funded health service providers. It is also essential that the government increase current funding levels for salaries and benefits, including pensions for CHCs, as a strategy to create greater equity between hospital and community-based providers and to enable the LHINs to meet their integration goals to create a more level playing field in the competition for health care workers.

At the present time, the Sudbury East Community Health Centre functions with the assistance of a couple of part-time doctors who travel from Sudbury once or twice a month to assist the nurse practitioners with complex cases. CHCs are based on a holistic, interdisciplinary community-based model of care. You want integration? We are the poster child of integration.

At the heart of our team there are four nurse practitioners. If I could hire four more, I could probably start making a dent into our waiting list. If these NPs' scope actually reflected the training and education they have received, they could function more independently. Therefore, I would ask the government of Ontario to fully recognize the role of nurse practitioners in the health care system and to increase their scope so that they may play a greater role, thus addressing the physician shortage issue.

Finding bilingual health practitioners is another one of our great challenges. Some may argue that most Franco-Ontarians are bilingual, and that is indeed true for the younger generation, maybe, but it is not necessarily the case for many of the elderly, especially women. I would suggest you imagine getting sick while you are in Vietnam. Nobody around you speaks your language, and you are sick, hence vulnerable. This is indeed what some of our francophone patients go through. Many have little education and have very limited skills in their second language. They are vulnerable; they need to be heard, understood and informed in the language that they understand. Therefore, I would suggest that the government increase the opportunities to study in French in health-related fields. Making the Northern Ontario School of Medicine a bilingual entity would be a good

idea, or at least providing them with necessary funding to offer programming in French would be a good start.

You will receive a brief from the Association of Ontario Health Centres. I fully endorse their recommendations pertaining to poverty reduction, equity across primary health care models, and stimulating the economy where it counts.

Finally, I would like to leave you with one last recommendation that is near and dear to my heart: taking care of our aging population. It is beyond my understanding that we did not plan for this segment of our population getting older and needing more services. This is indeed the generation that built everything we have today. They worked hard and managed to do so without the technology we now have. They deserve that we now take care of them and show our appreciation by providing the best services and care possible. Therefore, I encourage the government to act now to ensure that our elderly population does not live in poverty, in sickness and in isolation.

May I suggest that the strategies that the government develops to address these issues take into account the needs of rural and often isolated populations and communities, especially here in northern Ontario. For instance, rural communities have no access to public transportation. I suggest that you try getting from Noëlville to Sudbury to see a specialist if you don't drive your own car. When you're 87, you don't drive your own car, and your kids are in Toronto and in Vancouver and they can't get you there because they are working very, very far away. I can tell you that the people of Sudbury East often feel abandoned and ignored.

In conclusion, ladies and gentlemen, 15 months ago I accepted the job as ED of the Sudbury East Community Health Centre. To my surprise, I have had to become an advocate for the people of Sudbury East. On their behalf, I ask that you remember them and all the other rural, isolated and bilingual communities throughout the province when you prepare your recommendations for the next provincial budget.

I thank you for listening attentively and wish you luck in your deliberations.

**The Chair (Mr. Pat Hoy):** And thank you. The questioning will go to the NDP and Ms. Gélinas.

**M<sup>me</sup> France Gélinas:** Merci. Madame Gauthier, je ne me sens pas capable de vous parler en anglais.

**M<sup>me</sup> Jacqueline Gauthier:** Ça va.

**M<sup>me</sup> France Gélinas:** Donc, on se parlera en français. On a un petit monsieur ici qui va faire la traduction.

**M<sup>me</sup> Jacqueline Gauthier:** On ne m'avait pas informée que les services de traduction seraient disponibles.

**M<sup>me</sup> France Gélinas:** Ça va.

Dans un premier temps, vous avez dit que votre centre de santé communautaire et les centres en général ont besoin de fonds de stabilisation. Vous avez parlé également des avantages sociaux qui n'étaient pas les mêmes pour vos employés, comparés avec d'autres personnes qui travaillent dans le système de santé, mais



dans d'autres parties du système. Est-ce que vous pouvez élaborer un petit peu, puis nous dire quel genre de différence il existe ?

**M<sup>me</sup> Jacqueline Gauthier:** C'est surtout sur le plan des pensions. Un certain pourcentage du salaire des employés est placé dans des RÉER, mais c'est un très faible pourcentage, et il n'y a pas, à la source, suffisamment de fonds pour investir dans un fonds de pension en tant que tel—un fonds de pension qui serait probablement plus profitable et qui rapporterait davantage si on y avait une masse critique. Je pense que le problème, c'est essentiellement que chacun s'occupe de ces choses individuellement, mais il y aurait des possibilités si le gouvernement assistait l'ensemble des centres de santé à peut-être faire quelque chose qui répondrait aux besoins de tous les centres de santé de la province.

**M<sup>me</sup> France Gélinas:** Puis vous avez fait le lien avec vos problèmes de recrutement et de rétention dans le sens qu'une infirmière ou un « physio », ou n'importe qui qui travaille à l'hôpital, a un fonds de pension et donc ne veut pas laisser un emploi avec un fonds de pension pour aller à Sudbury-Est.

**M<sup>me</sup> Jacqueline Gauthier:** Oui, la question du recrutement et de la rétention est vraiment très, très importante. C'est très, très difficile pour un centre de santé de faire compétition à ce que peuvent offrir les hôpitaux. Par exemple, un travailleur social dans un hôpital en ce moment, dans le programme de « mental health and addictions », reçoit environ 82 000 \$, plus avantages sociaux. Mon budget me permet de le payer à peu près 57 000 \$, plus 3 % du montant de son salaire en RÉER. Imaginez pour une personne qui travaille dans le domaine—bon, elles vont peut-être commencer chez nous, mais les chances sont qu'éventuellement les hôpitaux vont venir les chercher.

C'est particulièrement inquiétant, je vous dirai, en ce qui a trait aux infirmiers praticiens. On est en train finalement de se rendre compte de la valeur des infirmiers praticiens et là on est en train de les intégrer à toutes les équipes de médecine à travers la province, y compris les équipes de santé familiale, les médecins, « family health teams », et ils ont définitivement beaucoup plus de pouvoir d'achat pour recruter ces personnes-là. J'ai des infirmiers praticiens qui reçoivent des offres régulièrement pour quitter et s'en aller dans les—

**M<sup>me</sup> France Gélinas:** Ce que vous demandez du gouvernement c'est qu'il y ait de l'équité et de la parité.

**M<sup>me</sup> Jacqueline Gauthier:** C'est ça.

**M<sup>me</sup> France Gélinas:** Un travailleur social devrait recevoir le même salaire, qu'il travaille en hôpital ou qu'il travaille dans la communauté ou en centre de santé

communautaire, et même chose avec les infirmiers et infirmières praticiens ?

**M<sup>me</sup> Jacqueline Gauthier:** Exactement. Et c'est aussi très embêtant en particulier en ce qui a trait aux médecins parce que les médecins qui travaillent dans les centres de santé, ce sont des médecins à salaire. Pour le moment, les salaires que nous pouvons offrir aux médecins, même avec les enveloppes supplémentaires pour les régions sous-desservies—même ces enveloppes-là ne rendent pas le salaire suffisamment attirant pour qu'une personne veuille venir s'établir dans un centre de santé. Un médecin fait pas mal plus d'argent dans une « family health team » que dans un centre de santé.

**M<sup>me</sup> France Gélinas:** Vous avez parlé des services pour les aînés. Est-ce que vous avez des stratégies spécifiques pour votre région pour les aînés en général ?

**M<sup>me</sup> Jacqueline Gauthier:** Notre région est en train de discuter de la possibilité de mettre sur place une maison de soins de longue durée. Vous allez voir venir une demande éventuellement à cet effet. Et le centre de santé a tenté de se pencher sur l'élaboration d'autres stratégies, y compris peut-être un centre de soins—ce n'est pas vraiment des soins. C'est un centre d'accueil pour les aînés durant la journée pour que les personnes puissent aller travailler. Il y aurait des activités, des soins divers et tout ça, et ensuite les personnes reviendraient les chercher. On ne veut pas dire « garderie » mais c'est un petit peu le même concept.

**M<sup>me</sup> France Gélinas:** Un centre de jour pour adultes.

**M<sup>me</sup> Jacqueline Gauthier:** C'est ça, un centre de jour pour adultes. Mais notre RLISS, notre LHIN, nous a dit récemment que tous les agents de l'enveloppe « vieillir chez soi » étaient partis pour régler la situation de la crise de lits à Sudbury. C'est un petit peu décourageant quand on est à l'extérieur de se faire dire que les enveloppes qui devraient être distribuées de façon plus ou moins équitable à travers la province s'en vont directement dans les hôpitaux. Je ne sais pas si vous savez, mais moi je n'ai pas 12 médecins qui peuvent se lever demain matin puis envoyer une lettre dans les médias pour dire qu'ils vont démissionner en vrac si on ne leur donne pas ce qu'on veut. Alors, encore une fois on est un petit peu démuné dans des circonstances comme ça parce qu'on n'a pas les mêmes sortes de ressources que les gros hôpitaux peuvent avoir pour se débattre pour leur part des fonds.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Ms. Jacqueline Gauthier:** Thank you. I did make copies.

**The Chair (Mr. Pat Hoy):** Very good. We'll ensure every member of the committee gets one.

We are adjourned.

*The committee adjourned at 1113.*







## CONTENTS

Thursday 18 December 2008

<b>Pre-budget consultations .....</b>	<b>F-739</b>
Ontario Forest Industries Association.....	F-739
Ms. Jamie Lim	
AbitibiBowater.....	F-742
Mr. Rick Groves	
Elementary Teachers' Federation of Ontario, Rainbow Teacher Local.....	F-744
Ms. Pat Gordon; Ms. Barb Blasutti	
Grant Forest Products.....	F-746
Mr. Bob Fleet	
Ontario Coalition for Better Child Care .....	F-749
Ms. Tracy Saarikoski	
Domtar Inc. ....	F-750
Mr. Brian Nicks	
Poverty Reduction Working Group of Nipissing District.....	F-752
Mr. Jim Sinclair	
Sudbury East Community Health Centre / Centre de santé communautaire de Sudbury-Est.....	F-755
Ms. Jacqueline Gauthier	

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F-28

F-28

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Première session, 39<sup>e</sup> législature

# Official Report of Debates (Hansard)

Friday 19 December 2008

# Journal des débats (Hansard)

Vendredi 19 décembre 2008



## Standing Committee on Finance and Economic Affairs

Pre-budget consultations

## Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

Chair: Pat Hoy  
Clerk: William Short

Président : Pat Hoy  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Friday 19 December 2008

Vendredi 19 décembre 2008

*The committee met at 0901 in the Novotel Hotel, Ottawa.*

## PRE-BUDGET CONSULTATIONS

## KINARK CHILD AND FAMILY SERVICES

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. The committee is pleased to be in Ottawa this morning.

Our first group to present is Kinark Child and Family Services. Please come forward. Good morning. You have 10 minutes for your presentation. There might be up to five minutes of questioning. The questioning will be put to you by the official opposition in this round. We'd just ask you to identify yourselves for the purposes of our recording Hansard.

**Mr. Peter Moore:** Good morning. My name is Peter Moore. I'm the executive director of Kinark Child and Family Services.

**Ms. Tracy Folkes Hanson:** I'm Tracy Folkes Hanson. I'm the director of communications.

**Mr. Peter Moore:** I'm here today to talk about the dire situation facing children and youth with mental health problems.

Kinark is the largest children's mental health organization in Ontario and provides professional help to over 12,000 children and youth with chronic and multiple mental health issues. Kinark's program offices span the province from Cobourg to Midland to Oakville. We employ more than 800 staff, and we partner to deliver services with child welfare agencies, schools, child care centres and community organizations. Kinark is accredited by Children's Mental Health Ontario. Our services are divided roughly into three main areas: children's mental health, autism, and youth justice services. We run Syl Apps Youth Centre in Oakville and also operate a number of community-based youth justice programs.

There is a critical need for sustained funding for the autism budgets across Ontario. Ontario has built a world-class—indeed, world-renowned—autism program. You know from listening to parents in your communities that desperate needs continue to exist. I'd be happy to discuss these pressures with any of you at a future meeting.

I would also draw to your attention that Ontario's youth population is shifting. Next year, I hope to come back to your committee and discuss how these changes in

our population base are having an impact on our service delivery and how we can work together to serve the needs of our First Nations people in southern Ontario and in the far north.

Today, I have a larger issue that I'd like to talk to you about, and that is children's mental health issues in our province. Children's mental health issues are of growing concern and prevalence in Ontario. I'm sure you're aware of the Senate report tabled in May 2006 called *Out of the Shadows at Last*. In that report, Senator Kirby wrote that mental health is "the orphan of the health care system" and children's mental health is "the orphan of the orphan."

I should begin by telling you a bit about children's mental health and children's mental health centres. Hospital-based services provide a small percentage of specialized children's mental health programs. The majority of services are provided in community-based centres. These are not-for-profit organizations, like Kinark, which offer a range of treatment programs in their offices, in family homes, at community centres and in schools. Children's mental health centres are located throughout the province. There are 87 of these and they are funded principally by the Ministry of Children and Youth Services. Services range from prevention and early intervention programs to intensive treatment services.

Here are some facts. One in five children in Ontario currently struggles with mental health issues. One in six children in the province with mental health problems currently gets treatment. Some 80% of youth in our criminal justice system have a mental health disorder—Senator Kirby has called these justice institutions "the asylums of the 21st century." The percentage of offenders in Canada's correctional system with a diagnosed mental disorder has risen 61% in seven years. Suicide is the leading cause of non-accidental death among 10- to 19-year-olds, and suicide can be prevented. At least 70% of adult mental illness cases can be traced back to childhood. The Canadian economy loses \$8.1 billion annually due to a range of mental health issues across the Canadian population—that's \$8.1 billion. Mental health is as important as physical health. Untreated mental health issues often become more severe, increasing the likelihood of school failure, family breakdown and involvement in youth crime.

So that's the bad news. Here's the good news: We know that treatment works. Evidence-based prevention

and early intervention programs are effective, leading to significant improvements in academic progress, social development, behaviour and mental well-being.

The average cost of treating children's mental health problems in community-based agencies is less than \$2,500 per child per year. The cost of incarcerating a youth through the juvenile justice system in Ontario is over \$90,000 a year, and the cost of a pediatric hospital bed is \$900,000 a year. Let me take you through that again: \$2,500 per child per year in community-based mental health centres; \$90,000 for incarcerating a youth; \$900,000 for a pediatric hospital bed.

The children's mental health sector has received only two increases in the past 13 years, neither of which has kept up with inflation. Government funding for children's mental health centres remains insufficient. Each year, we are forced to deal with rising costs by reducing services and staff, leading to increased wait time, which in turn prevents children in the province from accessing services they so badly need. Each of these children and their families needs help and each of these children is surrounded by a classroom and a neighbourhood which are affected by these problems. You may have seen the parents of these children in your offices. Statistically, these kids are in our own extended families.

Last week the Auditor General's report said that "core funding for children's mental health services across the province has been eroding for the past decade. As there has historically been little or no annual funding increase for the agencies' core programs over the last 10 years, the agencies have had considerable difficulty in maintaining their ... services. This erosion of funding amounts to reduced services for children needing mental health support, in particular prevention and early-intervention programs designed to reach children before their mental health issues are severe...."

A lack of adequate funding in this sector has caused a critical shortage of mental health professionals who specialize in treating children and youth. We are often a training ground for talented social workers and child and youth workers who cut their teeth at Kinark and then move into higher-paying jobs in health, child welfare or education. This shortage of professionals exacerbates the wait times and increases the burden on the parents, youth, staff, the mental health sector generally. It costs us all; mostly, it costs our children.

Prevention, early intervention and treatment work. Kinark and other children's mental health centres have the expertise to provide necessary treatment and care for the most vulnerable children and youth in our province. We are good at what we do.

Ladies and gentlemen, I think you know that now is the time to invest in kids. There have been several in-depth articles in our major newspapers about mental health and children's mental health. You have seen a number of reports and proposals in the Legislature which speak to this issue.

Kinark is supportive of the McGuinty government's goal of reducing poverty and improving outcomes for

children, including the need to invest in mental health services in our schools. We endorse the findings of the Review of the Roots of Youth Violence recommending \$200 million in funding for universal youth mental health services. Kinark was very happy to hear Minister Caplan acknowledge that there is a need for increases in our sector and we were very pleased, too, that the Legislature agreed unanimously to support MPP Elliott's initiative for an all-party committee to examine mental health issues.

So here's my ask: On behalf of our children and their families, I'm requesting an additional 3% funding increase for the 2009-10 fiscal year. There are half a million children and youth in Ontario with mental health problems—half a million children who live and go to school in our communities. I urge you to invest in children. With a 3% increase in funding, our programs and services to help children with mental health problems can be sustained. I know that you have many pressures, but please, I ask you, particularly in these times of uncertainty, invest in the safety net our children need.

Thank you very much.

0910

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to the official opposition, Mr. Barrett.

**Mr. Toby Barrett:** Thank you, Mr. Moore, presenting on behalf Kinark. You described your very large catchment area—Midland, Oakville and around. There's about 86 or 87 children's mental health services. Are there any issues at all with overlap or duplication?

**Mr. Peter Moore:** No, there aren't. I think the 87—there is some choice for families, in terms of some, I guess you would say duplication, but very little. That's been an issue in terms of, are there shared waiting lists? We've done an analysis in some of our small communities where we can put identity codes to children and look and see if there are duplicated waiting lists. It's very little.

**Mr. Toby Barrett:** Good. You mentioned waiting lists. I know in my area, down in Haldimand-Norfolk, there's a chronic waiting list. This goes back decades, really. We've always seemed to have a waiting list. What is the status of waiting lists now in your service, or these other 86 or 87—

**Mr. Peter Moore:** Thank you for asking. We've been investing in evidence-based programs and are looking at services at the front door that can properly triage children and youth. We still have a waiting list. We've gone from a three-month waiting list to about a four-week waiting list through more effective intake programs, but we say, if a kid had a broken leg, would it be okay for them to wait four weeks to get a cast? Four weeks is too long for a family in crisis.

**Mr. Toby Barrett:** Do most of the services have an assessment and referral process or a case-management process that's actually working? I'm thinking from the client- or the parent-centred perspective, where they try, say, over the course of 16 years, to weave their way through the system. I certainly hear the horror stories.



**Mr. Peter Moore:** Yes. I think we're improving in that. The latest literature talks about navigators who can assist parents in getting through the system. It is a complex one when you cross sectors, but yes, we have a case-management system, and I think it's getting a central intake that can bring all the cases together. It's an issue in all communities and it's one that we're tackling.

**Mr. Toby Barrett:** Is there any valid reason why at a certain age, a young person would be switched from Children and Youth Services to the Ministry of Health?

**Mr. Peter Moore:** That's a huge issue, transition services, and it's one that Senator Kirby speaks about. On your 19th birthday, suddenly, you don't have this array of services—transition services and adult mental services. The step down is a big problem.

**The Chair (Mr. Pat Hoy):** Mr. Hudak.

**Mr. Tim Hudak:** Mr. Moore, thank you very much for the presentation. I appreciate your kind words about my colleague Christine Elliott's proposal on the all-party committee. If you were giving advice then, through us, to that committee, what do you think their top priority should be?

**Mr. Peter Moore:** Like I've said, I think a 3% increase for community-based agencies to sustain the work that they are currently doing, and for that all-party committee to look at the linkages across sectors, to look at community-based services and not just the health system, and bring in education and see how mental health can work in education. A lot of Senator Kirby's recommendations have to do with school-related services. That's where all the kids are, that's where you can access them and that's where there's less stigma, so if we can teach the kids that mental health is as important as physical health and educate them about the issues and have the services accessible through the school systems—it really is crossing the sectors. I think that will be important for that committee to address.

**Mr. Tim Hudak:** Just something on an associated topic—it wasn't one that you presented on, but I'm curious about your opinion. The Ombudsman has asked for the ability to look at family and children's services, children's aid societies. Am I right?

**Mr. Peter Moore:** Yes.

**Mr. Tim Hudak:** But doesn't currently have that authority—

**Mr. Peter Moore:** I don't believe so.

**Mr. Tim Hudak:** Do you have a point of view, in terms of the Ombudsman's authority to look at children's aid societies if there are complaints?

**Mr. Peter Moore:** I'm not really an expert on the child welfare system, but I think there should be an ability to have oversight, yes.

**Mr. Tim Hudak:** The autism lists in Niagara and Hamilton that you had mentioned earlier in your presentation—there are no more children being added for autism services until new funding comes along. In your view, how best do we break that logjam? Is it simply a matter of more money, or is there a better way of helping these children at an early age?

**Mr. Peter Moore:** The issue is, currently part of the budget has been through fiscal funding and annualized funding. So we've been talking to our MPPs about the need to put the fiscal dollars into the annualized budget, and Minister Matthews has asked us to support that, and I gather that she is making that ask. We operate the autism program in the central-east region; there are a lot of kids on the waiting list. But I think that the significant issue is getting the proper kinds of supports and services in the school system. The IBI program was developed for preschool kids. We have adequate services, in terms of volume, for preschool kids, but we have 600 on the waiting list in our region. If we took out the school-aged children from that list, we would have adequate resources. So it's really looking at how the school system can be best designed to meet the needs of autistic kids within the school setting.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Peter Moore:** Thank you very much for your time. We have a handout. Can we just distribute that?

**The Chair (Mr. Pat Hoy):** Give it to the clerk; he'll make sure we all get it.

#### HINTONBURG COMMUNITY ASSOCIATION

**The Chair (Mr. Pat Hoy):** I would ask the Hintonburg Community Association to come forward, please. Good morning. You have 10 minutes for your presentation. The questions will be asked by the NDP in the next round. I ask you to identify yourself for our Hansard.

**Ms. Linda Hoad:** My name is Linda Hoad. I am a board member of the Hintonburg Community Association. Cheryl Parrott, who is a board member and chair of the security committee, will also be speaking.

We're here to speak to you about addictions. Hintonburg Community Association Inc. has been working on behalf of the Hintonburg neighbourhood for 17 years. We were founded in 1991 in response to urban pressures. We've grown from a steering committee of about a dozen people to a membership of 450. We are a volunteer organization. We've worked over the years with residents of the community, local businesses and our political representatives, as well as many staff at the city of Ottawa, to promote our area. We are just west of downtown, about a 25-minute walk from Parliament Hill. We have a number of committees: security, zoning, arts, heritage, schools, and other ad hoc committees.

We have, as an organization, continually looked for solutions to the issues in the community that have plagued us. We have advocated for and acted as a pilot area for several successful programs, such as "john school"—we have volunteered our time for the past 12 years to ensure the success of the "john school"—Needle Hunters; a task force on problem properties; landlord school; and the Hintonburg Safety Partnership. We have supported other successful programs such as "jane

school,” drug court, and the rooming house response team. We have been and continue to advocate for solutions and legislative changes to ensure safety in the community, such as the safer communities and neighbourhoods legislation, SCAN legislation, which is currently being brought forward by our MPP, Yasir Naqvi.

Addictions have had a severe impact on our community as well as on other communities in Ottawa and the province. Our experience has shown us that there is a critical need for increased funding for drug treatment and supportive housing for those recovering from addictions in Ontario.

0920

**Ms. Cheryl Parrott:** I wanted to just give you an idea of the effects drugs can have on a community. We speak to you from 17 years of experience of living with it, so we're not experts in the field of addiction, but we are experts in what it feels like to live in a community and what the effects of drugs are. Our neighbourhood is not unique; there are other neighbourhoods in Ottawa, there are other neighbourhoods around the province, and each of our stories will be similar. It's not just our little neighbourhood.

I want to tell you how the drugs affect our neighbourhood. Street-level prostitution, we learned long ago, is a drug issue. That's what it is; it's a drug issue. It's totally tied to drugs; violence—beatings, fights, yelling, screaming all hours of the day or night. Break and enters largely are for drug money. Smash-and-grabs—one of our police officers told us, of broken windows in cars, that a drug addict will break as many car windows as they need to get the \$20 or the \$10 for their hit of crack, so if they have to break 20 windows to get the \$20, that's what they'll do if they can only find a loonie in each car. They've followed this and see that when there's a drug house around, you get an increase in this kind of crime.

Robberies; discarded syringes and crack pipes in schoolyards, parks, residence yards, on the street; people banging on doors day and night because they've gotten the wrong house when they're looking for drugs; threats, intimidation and assaults on residents and business owners—the chaos that crackhouses and flophouses create in a community. And it happens, really, anywhere in the community. It can be the main street, it can be your residential area, in parks, schools, school playgrounds, residential streets. It really has no bounds.

We've looked at the whole issue of treatment, and what the agencies in Ottawa tell us is that there has been no increase, really, in 10 years. They've lost ground. So there have been minor increases, but they haven't kept pace with inflation or with pay equity increases so that, in fact, the treatment money is less than it was, at the end of the day. Certainly, four years ago we lobbied very hard because the Ottawa detox centre was in danger of closing and that would have been a total disaster. They don't have that many beds, but closing the detox centre would be a total disaster. As far as we know there's been no

increase. They still haven't moved to a bigger facility. It's really status quo.

We know that the need for longer treatment is critical to stop the revolving door of people in and out of treatment. We understand that sometimes the treatment programs are only four weeks. One of the representatives from drug court came to speak to our group, and he gave us this little story, which really had an impact on us, to make us understand about drug treatment. The analogy that he gave us was that we all know someone who's tried to stop smoking and how many times they've failed, and just how difficult it is to stop smoking cigarettes. He said, "Now, picture someone who not only has to stop something they're very addicted to, but they also have to change everything else. They have to change all their friends, they have to change where they live—their entire life." That's what's required of many addicted individuals who have spent years, sometimes 20 or 30 years, surviving by manipulating, conning and lying their way to their next fix. These changes can't possibly happen in four weeks. A longer investment in treatment is needed for success.

Supportive, affordable and stable housing has contributed to successful rehabilitation for those in drug and alcohol treatment. One supportive housing provider in our community quickly learned that to be successful, the average stay needed had to increase from what their initial guideline was, which was a maximum of six months, to what they now have as an average stay of 18 months and sometimes 24 months. They have been successful. We've seen the success of those long-term programs and the reintegration of those people back into our community. We've seen that with our own eyes, but we've also seen the failures and the ones who don't make it. We watched their deterioration and, for some, their death. There are people we know in our community who have died. All the time, with those unsuccessful attempts, we're left to deal with the continuing effects of the addiction in our community.

**Ms. Linda Hoad:** The issues of community safety and the provision of critical social services are interlinked: Without the latter, the former will never be assured. As you probably know, social housing providers, especially Ottawa Community Housing in our community, are required to house many applicants with addictions. Without adequate treatment options and supports for these tenants, they compromise the comfort, safety and security of the other residents in social housing.

We learned recently that some new funding has just been provided, across the province, I guess, and certainly here in Ottawa, for supports of this type. It is most welcome, but it's only a start on tackling the enormous backlog of need in this and, I'm sure, other communities.

The residents of Hintonburg know that, while we've been successful in engaging enforcement tools—the police, basically, and some city property standards type of enforcement—to provide relief from drugs and street-level prostitution, this is just temporary; it just moves



people around. Our long-term security depends on long-term solutions, not an endless cycle—

**The Chair (Mr. Pat Hoy):** You have about a minute left.

**Ms. Linda Hoad:** Yes, I'm almost finished.

We can't continue this endless cycle of reacting to these problems. Policing and bylaw enforcement are very expensive. We have evidence of hundreds of calls to react to problems created by drugs in our community that have cost the city's taxpayers enormous sums of money. What we need from the provincial government is stable funding in order to mitigate the endless calls for service, the overcrowding of detention centres and the waste of human lives, by providing the health care that people deserve.

Addiction is not a criminal issue; it's a health issue. We've been dealing with it in our community and, I expect, elsewhere in Ontario through the police. Effective treatment and support for victims of drug addiction is the only way we will be assured of a safe and vibrant community for years to come. We are asking you to give priority to and increase your investment in drug treatment funding and in increasing the number of affordable supportive housing units for those who are moving out of addiction, hopefully into a productive life. Thank you very much.

**The Chair (Mr. Pat Hoy):** Thank you. We'll go to Mr. Prue of the NDP.

**Mr. Michael Prue:** Thank you very much. Yours is a most unusual presentation because you're not asking for any money for yourselves. As I listened to you, I wondered, where was the ask? The ask is for, as I wrote it down, additional agency money—there was some problem in the past with the Ottawa detox centre—and supportive housing. How much money do you think would be necessary in the Ottawa area in regard to these? We are a finance committee; we deal with numbers. Any idea of what you're looking—

**Ms. Cheryl Parrott:** Not really. That's not our area of expertise. Certainly what we know is that whatever we have has not been working. What we've been told is that there has been an effective decrease because the amount of money that has come over the past 10 years has not kept pace with inflation. Certainly, four weeks of treatment is not enough, so anything is going to be better than what we have. Really, the investment needs to be put in at that point as opposed to the end point.

**Mr. Michael Prue:** In terms of supportive housing, do you know how many units there are in Ottawa or how many more you might think are needed?

**Ms. Linda Hoad:** I would suggest to you that we need more units for sure, but we also need more supports, more workers to assist those who are already living in social housing. There are serious issues caused by people who are suffering from addictions, multiple addictions in many cases, who are already housed but not well housed or at least not housed in a way that can be sustained. They bounce from one place to another. We know some people have been removed from housing in one housing

community, and they turn up in another housing community. Their problems haven't been addressed, and they will not become successful tenants. So it's both additional units and more supports for those who are already in social housing and in private housing, as well. Private landlords have issues with people with addictions. We don't have the numbers. I noticed that the Somerset West Community Health Centre will be addressing you later this morning. They are actually in our area; they serve our area and they may have more statistics for you.

I know the housing waiting list in Ottawa is around 5,000 families. Not all of them, obviously, would be needing supportive housing. I'm sorry, I don't know what the shelter populations are because many of the people in shelters are now being—the social housing agencies are being asked to house them.

0930

**Mr. Michael Prue:** In terms of the Ottawa detox centre, you said they came perilously close to having to close. Are they still that perilously close to closing or do they have sufficient monies?

**Ms. Cheryl Parrott:** I think it's sort of status quo at this point. They were to move into the new Royal Ottawa health facility, but when they were getting close to moving there was an issue with them moving in there and it was not really clear what was happening with that. At this point, it is. But I think, for the people who were running the Ottawa detox, the Sisters of Charity, it became so expensive to run it—they weren't getting enough money—that they finally said to the government four years ago, "That's it. We're not doing it any more." It was taken over by someone else, even though they're still in the same facility, but it should never have come to that point, where they said, "We can no longer do this." That should never have had to happen. And they do need an expansion of beds, which has not happened yet.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### CITIZENS WITH DISABILITIES—ONTARIO

**The Chair (Mr. Pat Hoy):** I would ask the Citizens with Disabilities—Ontario to come forward, please. Good morning. You have 10 minutes for your presentation. There will be up to five minutes of questioning from the government this time. I would just ask you to identify yourself for the purposes of our recording Hansard, and then you can begin.

**Mr. Terrance Green:** Okay. Good morning. My name is Terrance Green. I'm the chairperson of Citizens with Disabilities—Ontario. We are a relatively young organization but we do represent approximately 2,500 members across Ontario from a cross-disability perspective. Our objectives are to assist and advocate on behalf of persons with disabilities in social development planning and in all aspects of the lives of persons with disabilities.

I did pass out notes—oral submissions. They are quite lengthy and I don't think there's any way that I could get through that document in 10 minutes. I am going to abbreviate, basically, what I have to say, but we will submit detailed written submissions in January, as per your deadline, on specific subject matters, if you would like, that you identify to us today.

Persons with disabilities are, according to Statistics Canada, the poorest of the poor. Persons with disabilities have difficulties in just about all areas of community life. Accessible transportation is extremely limited—Para Transpo. In any community you go to in Ontario there are long waiting lists, there are delays in getting rides that are accessible; and the ministry of this government as well has donated vans to health units, but these vans are not accessible. Seniors and persons with disabilities living in homes, even getting to medical appointments, do not have access even to the transportation provided by the current government.

Attendant care for persons with disabilities is limited. There's very seldom enough attendant and care provision for persons who require attendant care. We strongly encourage the government, as a cost-saving measure, to go to direct funding and work with persons with disabilities to provide the care through attendant services that are needed.

Each one of the points identified in our oral submission we consider to be vital areas where persons with disabilities in this province do need support and assistance: education, personal care, transportation, affordable housing—and the list goes on.

Rather than taking the balance of the 10 minutes to try to point out specific issues, since we do consider all of the issues priorities, I will allow more time for questioning and hopefully be able to help answer some of the questions of this committee so that persons with disabilities may be able to get some of the support that's desperately needed.

**Mr. Michael Prue:** Mr. Chair, I would seek unanimous consent to allow additional questioning to take up the full 15 minutes. It seems the proper thing to do.

**The Chair (Mr. Pat Hoy):** Are we agreed? Agreed. Did you want that divided, Mr. Prue?

**Mr. Michael Prue:** No. There are enough members on the other side to ask any number of questions.

**The Chair (Mr. Pat Hoy):** I guess we're agreed on that.

I'll just explain to you, sir, that normally we only have five minutes for questions and you're giving up your time for questions, which is unique, so I have to get permission from the committee to waver from our normal situation. But in that regard, the questions will come from the government side and Mr. Arthurs.

**Mr. Wayne Arthurs:** Mr. Green, thank you so much for being here this morning.

*Interruption.*

**Mr. Wayne Arthurs:** I'm going to wait for the—

**Mr. Terrance Green:** It's difficult to compete with the sirens.

**Mr. Wayne Arthurs:** It is. At any given point, that's always a challenge. I know in some communities, if there's a fire truck going by with those firemen on it, all the women on the street will stop and have to check them out.

**Mr. Terrance Green:** That demonstrates a little bit some of the problems that persons who are deaf are having in this community. It is extremely difficult to communicate when hearing is an issue.

**Mr. Wayne Arthurs:** Probably many of the members around this table will either have a family member or a close friend who has a disability that's readily identifiable. I would be among those with a family member who has a significant hearing problem, so I can be particularly sensitive to the demands and needs that occur, as many of us would be and are. It drives it right home to us.

I'm particularly interested, though, in the comment you made around direct funding. Direct funding is an issue that I've heard a lot about over the years, more particularly from the developmental services sector—again, individuals with disabilities; a different form of disability—this matter of being able to provide funding directly to the families or the individuals so that they can have the opportunity to direct the care and support and services they need, as opposed to always being dependent upon agency funding models. From the standpoint of your organization and as an individual with a disability, can you take a bit of time and tell me a little more about how you would see it being advantageous to have more opportunity on a direct funding model?

0940

**Mr. Terrance Green:** Our organization is looking more at direct funding for persons with disabilities who desperately need an attendant to assist them with personal care issues, for cooking, for housekeeping—basically, to enhance the individual's ability for independent living.

We see direct funding as being an opportunity for those individuals to have better control over their own lives, to be able to bring in the people whom they need at the time that they need them, and to be able to govern the financing for the direct care that the individual needs.

There are a number of models over time that have been tried. One was community living, where individuals in independent living centres had attendant services provided 24/7 in the home. Many of these community establishments are closing because the funding for the agencies to provide the attendant care services that are required just isn't there. The individuals who were doing the best they could for independent living and living in the community centres are now being forced into nursing homes, some into hospitals and some back with families where there just isn't the support network, for various reasons, that individuals require.

We see direct funding as giving the opportunity to individuals to be able to enhance their life and to become more productive and more involved within their own communities.



**Mr. Wayne Arthurs:** Mr. Chair, Mr. Brownell and Ms. Aggelonitis both have a question.

**The Chair (Mr. Pat Hoy):** Mr. Brownell will now ask a question.

**Mr. Jim Brownell:** Thank you very much. I did go over the sheets that you provided here, the documentation. Your recommendation 3 relates right to a comment that you made about accessibility with regard to transit and vans etc. I come from Cornwall and represent Stormont-Dundas-South Glengarry, and we have Handi-Transit in the city of Cornwall. It provides great supports and access to those who need wheelchair accessibility etc. This \$1 billion that you have included in your recommendation here—what level of support would that give to communities, and would that cover all the communities that now have public transit? I'd just like to know what level of support that would give, if your organization and whoever put this together put \$1 billion in there. What level?

**Mr. Terrance Green:** That is the best guess that we have been able to come up with and that's intended to help reduce the wait time for persons requiring accessible transportation. In the Cornwall area, your services are actually, from what I'm hearing, very good, and you're to be commended for that in your community. The wait times in Cornwall, however, are still quite long. We would like to see the wait times down to, if possible, maybe an hour instead of—in some communities, the wait times are four, seven and 10 hours. In Toronto, even with the service that they are providing, wait times can be in excess of four, four and a half hours. In Ottawa right now, it's an extremely difficult situation with the OC Transpo strike, because many persons with disabilities in wheelchairs would use the low-floor buses of OC Transpo, but now they're forced onto Para Transpo and Para Transpo is limiting transportation in the city to medical conditions and medical appointments only. Persons with disabilities who need to get out for grocery shopping and, at this time of year, for Christmas shopping etc., just can't get it. The wait time for them is at least until the strike is over, which to me and to persons with disabilities is just totally unacceptable. Persons needing food and depending on Para Transpo to get them to the grocery store in this city, as an example, under the extreme conditions that are here at this particular time, can't even get out to buy food.

So the billion dollars that we're identifying is hopefully going to improve accessible transportation, minimize wait times to a time that—an hour is still long, but at least, taking today as a measure, an hour is a lot better than four or seven hours, which is the case in most communities in Ontario.

**The Chair (Mr. Pat Hoy):** We have about a minute and a half left. Ms. Aggelonitis.

**Ms. Sophia Aggelonitis:** Thank you very much, Mr. Green, for coming here today. You have a very cute dog.

**Mr. Terrance Green:** Thank you.

**Ms. Sophia Aggelonitis:** There are a couple of things that you mentioned that I wanted you to just give me some clarification on. So I have two questions.

One, you mentioned that the vehicles that are available are not accessible. What did you mean by that?

**Mr. Terrance Green:** What I'm specifically referring to there is that the Ministry of Long-Term Care has donated 100 vans to the local health units to provide transportation to seniors and persons with disabilities. These vans are not accessible. They do not provide any mechanisms for a person with a wheelchair, as an example, to get into the vans. They do not provide the facilities for somebody with extreme arthritis or using a walker to be able to get into those vans. Your government is to be commended for even donating 100 vans to the communities, because they do provide some transportation for some people, but they certainly do not provide accessible transportation for people who most need the transportation.

**The Chair (Mr. Pat Hoy):** Thank you for your submission.

**Mr. Terrance Green:** I believe she had a second question. Could I—

**The Chair (Mr. Pat Hoy):** Our time has expired.

**Mr. Terrance Green:** I do apologize that I can't answer your second question.

**Ms. Sophia Aggelonitis:** That's okay. Thank you very much for being here.

**Mr. Terrance Green:** Thank you for the time.

#### KINGSTON COMMUNITY ROUNDTABLE ON POVERTY REDUCTION

**The Chair (Mr. Pat Hoy):** Now I call on the Kingston Community Roundtable on Poverty Reduction to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning; it would come from the official opposition in this case. I ask you to identify yourselves for our Hansard.

**Ms. Alice Gazeley:** My name is Alice Gazeley. I co-chair the Kingston Community Roundtable on Poverty Reduction. Thank you for this opportunity to address the committee.

The Kingston Community Roundtable on Poverty Reduction is a group of 24 people who, in collaboration with our city council and staff and the Kingston community, are determined to reduce the number of its residents living in poverty. The group reflects a cross-section of the community: social justice advocates—a broad age spectrum—social agency service workers; people from the educational, business and labour fields; faith communities; and people who have direct experience living in poverty. The round table resulted from a recommendation of our mayor's task force on poverty reduction. We held our inaugural meeting in January 2008. So, you see, we're a fairly young group. With me, to share my time, is Zaineb Zimmerman, a member of the round table who has direct experience living in poverty, and she's going to share some of her life struggles.

0950

**Ms. Zaineb Zimmerman:** Good morning. A few years ago, I had a wonderful career at Queen's University, complete with benefits. I was confident and independent. I thought things would only get better, and I was so very wrong. I married and relocated to the US in support of my husband's career. We had a child and, shortly after, family life deteriorated. I was able to get out and move back to Kingston with my young son in tow. We first moved in with my mom, then on to a shelter for abused women and children out of concern for our safety and well-being. I found myself parenting in a time of crisis, coping with shelter life, police matters, family court, social assistance and homelessness. I was in pure survivor mode, a place I never, ever dreamed I would visit, let alone live. Rebuilding from that horrible experience is no easy task. Even now, two and a half years after leaving, I'm still in transition and I'm one of the lucky ones. I was able to secure guaranteed income housing, but thousands of others remain on waiting lists.

Another fortunate turn of events was employment. An opportunity to work part-time presented itself from the volunteer work I'm doing. It's contract work with no benefits but it's enough for me to be weaned off Ontario Works. In three months, I'll be limited to my part-time job with no benefits and an uncertain future.

It's not that I'm not willing to work to my full potential. It's really a matter of child care. There are no spaces for subsidized child care, only lengthy wait-lists. With a small child and limited resources, you can see what a barrier this is for me and thousands of other parents alike. Even before- and after-school care is virtually non-existent.

What I've shared with you today is just a sliver of one story of one single parent's struggle. What is far more frightening is the thousands of Canadians who will learn first-hand just how hard it is to live with so little.

As we face these daunting economic hardships, it's so important to remember that the numbers represent people, people who are in need of opportunities to learn and grow and rebuild. Please do your very best.

**Ms. Alice Gazeley:** I begin by noting that the Sisters of Providence of St. Vincent de Paul and their supporters have been keeping a weekly silent vigil in front of Kingston's historic city hall since 1995, when the previous provincial government cut social assistance by 22%. Over these 13 years, poverty in Kingston has worsened.

At the January 2005 pre-budget consultations, the Sisters of Providence reported that although many Ontarians had enjoyed 10 years of sustained economic growth, low-income families had watched their earnings stagnate. Quoting from their presentation of four years ago: "If things" are bad and "got worse in good times, what will happen to our most vulnerable neighbours when the next recession hits, as surely it will?"

That predicted downturn is now upon us. Now is the time to invest in the proven poverty reduction programs that will help our low-income neighbours.

The stimulus package needed to kick-start Ontario's struggling economy must be rooted in exactly the investments needed to reduce poverty: Put money in our social infrastructure—affordable housing and child care—and invest in livable incomes needed by low-income Ontarians so that everyone is shielded from the brunt of the recession. I will speak to each of these in turn.

**Housing:** Last week, the CMHC reported that Kingston's rental vacancy rate had dropped to 1.3%, the lowest level in six years. This is half the Ontario average. What's more, the CMHC found that the sharpest decline in vacancy rates was in units suited for parents and children—two- and three-bedroom units.

In tight markets like Kingston's, and without stricter rent controls, housing allowances can inflate rents, placing further stress on people least able to afford decent shelter. The waiting list for rent-gear-to-income housing in Kingston is hovering between 900 and 1,000 applicants. A recent report by the Queen's School of Urban and Regional Planning for Kingston's social planning council showed that a stunning 48% of Kingston tenants spend more than 30% of their household income on housing. This level of precarious, unaffordable housing is even higher than the average for Ontario. It has also been virtually unchanged in the five years of strong economic growth between 2001 and 2006.

The round table on poverty reduction urges the government to get back into the business of building social housing. This is expensive, but in a province in recession it is what Ontario's poverty reduction strategy calls smarter government. Construction generates huge local and regional spinoffs: jobs, building materials and appliances. This is a standard counter-cyclical economic measure. It makes good business sense at a time when construction costs will be going into decline because of the recession. It puts people to work while offering desperately needed shelter to low-income people.

There is no time to waste. Comprehensive housing repair programs are shovel-ready. Housing providers can also enhance energy efficiency. New housing construction projects take time because of planning and design factors, understandably. Rather than wait for Minister Watson to start an affordable housing review next spring, we think that the government should launch an immediate comprehensive social housing plan aimed at repairing existing stock and then commit, when the review is in, to building units throughout the next five years. We must also adhere to the principle of involving both low-income people and non-profit providers in these programs.

**Child care and early education:** Ontario has taken a step forward with its poverty reduction strategy, particularly regarding its emphasis on child poverty. Our round table supports every possible effort in this direction, but we also support the 25 in 5 coalition's emphasis on establishing a comprehensive child care and early education system that will allow more low-income people, particularly women, to participate in the labour market.



One of our round table members who is a coordinator of the Kingston, Frontenac, Lennox and Addington children and youth services steering committee, which is a group of about 30 agencies, expresses two concerns.

First, child care fees are bankrupting families in Ontario. Fees range from \$45 to \$60 a day on average. Furthermore, many families qualify for provincial subsidy, but there are not enough spaces to meet the need. Without appropriate child care, parents cannot work, study or participate in community.

Secondly, Best Start funds have been used to expand provincial child care, preschool speech and language, infant development and healthy children, all of which are early intervention programs. These Best Start funds were from our previous federal government and administered by the province over the past three years. The fund will be depleted in 2009-10. What government will step forward? Child care is definitely one of the pillars of poverty reduction.

**The Chair (Mr. Pat Hoy):** You have less than half a minute for your submission.

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**Ms. Alice Gazeley:** Okay. I'll move then to income security. The fastest, least complex and easiest way to help the most vulnerable is by increasing both social assistance and minimum wage. This boosts local economies because money in the pockets of our poorest citizens will be spent quickly and locally. We need an initial down payment on poverty reduction by immediately moving towards livable incomes.

In conclusion, the provincial poverty reduction strategy plan is a call to action to all levels of government, to all parties in our provincial Legislature and to all sectors of every Ontario community. It's a call to ditch the silo approach and replace it with collaborative, focused action. We in Kingston are determined to do our part to support this initiative, this first all-important step. We look to the provincial and federal governments to do their part.

We thank the committee for its long days of travel to listen to what we all think about the state of our economy, especially at this difficult time. Investing in housing, child care and income support not only reduces poverty, but it also makes good economic sense and certainly makes sense to our most vulnerable neighbours. Poverty reduction must become central to the next five provincial budgets.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning will go to the official opposition, Mr. Hudak.

**Mr. Tim Hudak:** Thank you very much, Ms. Gazeley and Ms. Zimmerman. Thank you for your presentations and for your personal story as well. It's not easy to do in this kind of formal setting. We appreciate that you took the time to do so.

We've heard, as we've travelled across the province, concerns from some sectors with respect to minimum wage—agriculture, the hospitality sector, which hire a lot of people at lower wages to start out with and try to move them up the ladder—that higher minimum wages will

cause a displacement, that while some people will have higher pay, others will lose their jobs altogether. What's your view on that impact?

**Ms. Alice Gazeley:** Do we have any evidence to that effect?

**Mr. Tim Hudak:** If the groups were here, they would say, "Certainly"—

**Ms. Alice Gazeley:** That there was evidence that if we raised the minimum wage, others will be dislocated?

**Mr. Tim Hudak:** In fact, they cited a study commissioned by the government, by Professor Gunderson, I think from U of T, that did say that, that a significant increase in minimum wage in a short period of time would cause dislocation.

**Ms. Alice Gazeley:** I think that's true, but there has been a gradual increase and a continually gradual increase. I think the way to go is with the gradual. I think that's the key because we can only do what our economy will bear at a certain time. But there are arguments, if you wish, for—as you or I would go into debt to, for example, mortgage a house or car or whatever, there are some arguments that debt can be good, again, on reasonable and gradual and so on—but no, I don't think you can do a large jump, but you certainly can make a gradual move toward it.

**Mr. Tim Hudak:** I think we all share the goal of helping people out of poverty by ensuring they can find a well-paying and secure job in the workplace. What are the best tools that you would recommend to the committee, in terms of helping folks make that leap from assistance or, those who are on disability, into the workforce?

**Ms. Alice Gazeley:** Zaineb is jumping at this.

**Mr. Tim Hudak:** Yes, please.

**Ms. Zaineb Zimmerman:** Thank you. I sort of touched on it a little bit, that child care is a huge barrier. Transportation, the ability to get to employment opportunities or even training, is a challenge when you have next to no income. Child care is a huge issue. Many people want to work. I'm willing to work, but 9-to-5 jobs are next to—other than office work, and thankfully that's what I do, it's really a challenge.

There may be private child care facilities available, but do they meet the standards? Is the parent comfortable with it, and besides that, can you afford it with minimum wage as it is and, in particular, with many jobs offering no benefits? To put so much of your income—I'm fortunate, as I say, because I am geared-to-income, but if I was paying market rent, there's absolutely no way that I would be able to manage. I'm very fortunate. I think of all those who are not so fortunate. There's only so much geared-to-income housing to go around.

I think that, first and foremost, people need a place to live, to call their home, and from there they can really start rebuilding. Child care is essential, though. It affects single- and double-parent families; it really does. It's a huge barrier, a huge concern. Those early years are formative years for our children, and they're our future. So I think an investment in that just makes good sense.

**Mr. Tim Hudak:** The other groups have talked about moving from social assistance into the workforce. If you leave social assistance, there are certain basic medical benefits you have that you lose when you enter the workforce. Is there advice you would have in terms of easing that transition to help people climb the ladder?

**Ms. Alice Gazeley:** I'll let you go through that, too.

**Ms. Zaineb Zimmerman:** It's daunting; it is. That's what I'm in right now. I have three months to go and then I'm on my own. So maybe employment standards—maybe there needs to be a review of very basic, minimal plans that need to be included. I think of dental care that I received with the help of OW for my son and I. I wouldn't have been able to afford the hundreds of dollars of work. In three months' time, I'm on my own. I have sleep apnea and I need a CPAP machine. That's \$1,800. So if I'm able to fit that in before I lose OW, I'll have some help. Otherwise, how would I manage to do it?

Again, I really want to stress to the committee that you need to be mindful that they're people that we're talking about. The stereotypes and stigma that are associated with poverty—people really don't choose to live with much less; they really don't. There are a lot of people who, given the opportunities and invested in the right way, would jump at the chance to work. They really would. There's a will.

**Mr. Tim Hudak:** Okay. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your submission.

**Ms. Zaineb Zimmerman:** Thank you very much.

#### ALLIANCE TO END HOMELESSNESS— OTTAWA

**The Chair (Mr. Pat Hoy):** Now I'd ask the Alliance to End Homelessness in Ottawa to come forward, please. Good morning. You have 10 minutes for your presentation. There might be up to five minutes of questioning coming from the NDP in this rotation. I'd just ask you to identify yourself for our Hansard recording.

**Mr. Perry Rowe:** Good morning. My name is Perry Rowe. I'm the chair of the Alliance to End Homelessness here in Ottawa. I'm also the executive director of the Salvation Army Ottawa Booth Centre, which is a multi-service facility in the downtown core of Ottawa.

Thank you for the opportunity to come and speak with the committee today. You have in your hands a copy of our submission as well as a copy of our 2007 report card on homelessness in the city of Ottawa. The 2008 one is in the process of being finalized, and as soon as the calendar year is complete and the final numbers are in, we intend to release that, probably at the end of March. As we did last year with the committee—we presented in Kingston last year—we would be pleased to forward the 2008 one directly to the committee as well, because there is definitely lots of information in there that can be used.

In our submission today, first of all, there are a number of things that we will reiterate that have already been said today. The interesting thing: When we pre-

sented our report card in March of last year to the public in Ottawa, one of the statements that was made by Dr. Tim Aubry, from the University of Ottawa, was that homelessness is really the face of poverty, so you can't separate the two. Our organization, which represents about 70 different agencies within the Ottawa area that deal with homelessness, the prevention of homelessness and people at risk of becoming homeless, does collaborate quite a bit with other poverty-related groups because you can't separate the two.

Just to give you an idea of the realities just in this community alone in 2007: At the very beginning of our submission, we show a number of things that have taken place. The women's shelter in this community, known as Cornerstone, is located in a portion of the city in an older house. Each night, they are full; they take a full number of 52 women and quite often have a number of women sleeping on couches.

The three men's shelters—the Shepherds of Good Hope, the Salvation Army, and the Ottawa Mission—have people sleeping on floor mats every night. This started at a point in the year before the economic downturn was recognized. At one point this fall, we had 150 individuals, adult men, sleeping on mats within the shelters in the Ottawa area.

#### 1010

The number of families in the family shelters has significantly increased. Last year, we saw that it took an average of 42 days to find housing for families. The last I heard is that there have been about 30 motel rooms in play, besides the family shelters, in the Ottawa area each night for the past little while.

Our housing support workers experience delays and problems in finding affordable and safe housing that homeless families and individuals can move into. Over the year, about 30% of those we have in the shelter system are what we would define as chronic homeless. We define chronic homeless in this community as having spent more than 60 days in a calendar year in a homeless shelter. In many of those chronic homeless situations, it has been a lot longer than 60 days. So over 30% of those men and women fall in that category. Tomorrow they could be placed into housing, if it was available, with the supports surrounding them, and they could be housed in a much less expensive manner than an emergency homeless shelter.

We've also given you, as I said, a copy of the report card. The next section in our presentation deals with the numbers in the report card. I'm not going to go through them one by one, but the staggering number in 2007 was the 8,900 individuals who used homeless shelters in this city, one of the most affluent cities in the country. We also had 1,237 children in homeless shelters. So the numbers are staggering and cannot be ignored.

The Alliance to End Homelessness, along with a number of homelessness prevention agencies and poverty agencies, has a number of recommendations that we would like to put forward to you, and they are laid out in



our presentation. So I'd like to walk through those this morning in the time that we have left.

The first recommendation is to have substantially increasing public investment in affordable housing, with new funds in the 2009 budget as part of the overall economic stimulus package. As the previous presenter said, we are looking at ways to stimulate the economy. We are looking at packages for the auto sector. We are looking at this for other sectors. The construction sector would certainly be stimulated, as the previous presenter said, if additional affordable housing was put in the budget and moved forward. It multiplies, as that previous individual said, into all of the other pieces that help create that affordable housing. New money for affordable housing is a priority in a recession. It's easy to say, "Well, we can't do as much as we would have liked to do because we're in hard times." Honestly, we're paying for it one way or the other. The most expensive way to pay for it is to have people in the emergency homeless shelter; not only paying for it in the price of the dollars that it takes to support them, but in the lack of dignity, in the loss of respect for themselves and the various things.

We made a comment about the sirens a few moments ago. As I said, I'm the executive director of the Salvation Army just a few blocks from here. Let me give you an example of what it costs when we hear a siren. For a lot of people in the city, it has become background noise. In a lot of cases when you hear it in the downtown core, they're probably heading for one of the homeless shelters. Because of the lack of understanding of the individuals who are in the homeless shelters and because of the high rates of addiction and mental illness, the standing order at one time in this city was that if you got a call from a homeless shelter, four cruisers responded. What a waste of resources, when we could have been housing those individuals with supports, and we instead chose to have them in homeless shelters and being dealt with by police, the health care system and so on.

Our second recommendation is to act on and fund poverty reduction in 2009. Go beyond what the initial cut would have been to invest in the poverty reduction strategy. The investment that goes into that will pay off in spades, not only, again, in stimulating the economy, but in reducing the cost right now of keeping people in poverty.

Again, the rest of our recommendations are shown in there.

One of the final points I want to bring to you is around the vacancy rate that was just noted in the city of Ottawa. One of the strategies that the task force or the table on homelessness was looking at was the ability to utilize even some of the private housing stock and their ability to deal with the chronic homeless population. Our vacancy rate was just pegged at 1.4%, the lowest in the province and the lowest it has been in many, many years. Our fear, particularly at this end of the province, is that that's going to be devastating for individuals who rent from the private sector. A study that was done through CHEO a number of years ago and presented at one of our

forums showed that there were roughly 60,000 families who were on the brink or living on the edge in this city, who were one tragedy, one small paycheque, away from going into—and if that hits the homeless population, we're just not going to be able to deal with the situation. We're going to be overwhelmed. We, as agencies, no longer want to manage homelessness; we want to help solve it.

I'll leave it at that and thank you and welcome your comments or your questions.

**The Chair (Mr. Pat Hoy):** The questioning will come from the NDP's Mr. Prue.

**Mr. Michael Prue:** Thank you very much for your presentation.

I was watching the news this morning and I saw something I never thought I would see in my life: the finance minister of Canada, Jim Flaherty, who used to be in the Legislature with us, talking about running the biggest deficit in Canadian history in the next budget.

Having heard that, what recommendations do you make through this committee to the minister in Ontario? Should we be considering running such a large deficit?

**Mr. Perry Rowe:** I think, as the previous presenter said, sometimes deficits are unavoidable and sometimes they are necessary to get things jump-started. If we have to look at that, I think it should be on the table. Certainly, we don't want it to be looked at in such a reckless manner that we just throw it around as if we've got money to burn. But I don't think anybody would fault any government at this stage of the game, to help stimulate the economy, for looking at running a deficit, as long as it's being used for the right things. As we've said, if we're investing in the right things that are helping to stimulate the economy, that are sustainable and long-lasting, which in this case affordable housing certainly is, then nobody is going to fault them for doing the right thing.

**Mr. Michael Prue:** We had three economists who came before the committee at the start of deliberations several weeks ago. All three of them agreed on the two best ways to stimulate the economy. One is construction costs and building affordable housing and infrastructure in cities, that kind of thing, things that were shovel-ready; the second one is to give additional money to the poor, who would then spend the money almost immediately and stimulate the economy. Do you agree with those, or do you have anything else to add?

**Mr. Perry Rowe:** We'd certainly be in agreement with the second part of that, particularly when it comes to low-income individuals being able to have affordable types of income. The previous presenter talked about—and the question was asked around income security and whether you're talking about minimum wage or whether you're talking about OW rates. Those are the types of things that certainly need to be looked at. But at the beginning of most of those is just to get them at a liveable rate so that they can afford the basics of life, let alone being able to afford to spend extra to stimulate the economy. I think it's a necessary thing, but I don't think we're going to generate huge amounts into the system

because people are just going to be buying the basics of life. That's the unfortunate part of where we are in this province, that at the OW rates, at the rates that we have for ODSP—it's not a liveable rate for people to survive on. For many of them in this city, you're looking at them spending, in some cases, 75% of their income just for rent in a private market. There's such a lack of affordable housing that some of them have no choice but to go to the private market.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Perry Rowe:** Thank you for your time.

1020

#### COUNCIL OF ONTARIO UNIVERSITIES

**The Chair (Mr. Pat Hoy):** Now I'd ask the Council of Ontario Universities to come forward, please. Good morning. You have 10 minutes for your presentation. The government will be asking the questions in this rotation. I would ask you to identify yourself for Hansard.

**Dr. Paul Genest:** Terrific. Thank you very much. My name is Paul Genest. I'm the president of the Council of Ontario Universities and I'm appearing together with my colleague and friend, the president of Carleton University, Dr. Roseann Runte. I really appreciate this opportunity to appear before you. Your responsibility is grave and serious in these times that we're facing.

My presentation is going to focus on two things. One is the imperative of creating jobs, particularly creating jobs in the knowledge economy; and the second aspect is to focus on protecting jobs, and steps that we should be taking now to protect jobs in the higher education sector for the benefit of our students and the future of the economy.

In this global knowledge economy the advantage goes to countries that are innovative, productive and technologically savvy. In other words, it goes to those that are investing heavily in the skills and education of their citizens. Ontario needs to compete in this area. We know that 70% of new jobs will require a post-secondary education. I think we also know that our graduates from Ontario universities touch all aspects of our lives. They teach our children, they treat our families, they run and improve our businesses, they supervise our networks, they create our artworks and cultural activities, they manage government programs and they produce cutting-edge research. Around the world, developed countries and emerging economies have recognized that investment in education is critical to their future. As a result, they are investing heavily in their universities to expand access and drive innovation.

I would like to acknowledge that the government of Premier McGuinty has certainly recognized the importance of universities and taken major steps to advance this cause since first elected in 2003—really in both mandates. In the last mandate, they advanced the \$6.2-billion Reaching Higher plan, which was the largest post-secondary investment in Ontario's history. It has been a

tremendous success. It has expanded access, and it has provided support for 14,000 more graduate spaces, which is extremely important. Ontario has lagged behind other parts of the world—the most competitive economies—in terms of the number of MAs and PhDs that we've been producing. These investments have been really, really important and they have made a major difference.

We all know that these are extremely challenging times—extraordinary times. Budgets everywhere are under tremendous pressure. We're having to cut our own budgets and exercise serious discipline at that time. We know you have the same responsibility. At the same time, we know that economists across the world—everyone seems to be a Keynesian at this particular moment. The consensus is overwhelming. As remarked by Mr. Prue a few minutes ago, the federal government is also recognizing this and recognizing that we need to move and we need to move urgently on stimulus.

What I'd like to put before the committee, for your serious consideration, is where you could provide some direct stimulus in the near term in the post-secondary sector. I would presume to speak for colleges as well. I represent the universities, but the problems are similar across the sector.

The quick-start infrastructure that I'm talking about is the issue of deferred maintenance on our campuses. Some of you may recall that when I spoke to you last year we made a pitch in our pre-budget submission around deferred maintenance. The AG had recognized we had some \$1.6 billion in a backlog of deferred maintenance. This is about new roofs, about new boilers, about building retrofits, about higher-efficiency HVAC systems. It's not glamorous stuff. It's stuff that it's very hard to get philanthropists to put forward—nobody seems to want their name on a boiler. I don't understand that, but these things are vital. The boiler goes—you've got to replace it. That is why we look to government and our publicly funded system.

Last year, the Ontario government and Minister Milloy acted impressively on our request to begin addressing this backlog: \$335 million was dedicated to campus renewal in Ontario's universities. This has made a great dent in the backlog, but I want to put it forward to you again this year with a new urgency. These are, by definition, Quick Start projects. They've been identified. The specs have been laid out and you can go very quickly to tender. By contrast with major infrastructure, which I'll say something about in a second, this is something where you could get the work happening now. Costs of materials are going down and commercial construction and housing is slowing down, so in all of the communities where you have colleges and universities you could get stimulus. You could get it happening now and you could get, within eight to 12 months of committing in a budget, the work started and the work completed. It absolutely satisfies the economists' recommendation for joining the economy.

One of the benefits of this, of course, is that it also fits with our greening ambitions. There's a lot of retrofit that



can be done here. New retrofits for buildings that are over 30 years old are urgently needed. It also leaves a legacy. It improves the research environment and the teaching environment. So it's a triple hit, I would argue. It leaves a legacy that'll make Ontario more productive in the future.

We're recommending that the Ontario government dedicate \$500 million this year to Quick Start campus renewal. We realize this would likely add to a deficit, but it's stimulus that's urgently needed.

The second point I'd make is in a similar vein, and this is with a view to sustaining that impetus to the economy. MTCU and the Ministry of Energy and Infrastructure have, for six months, been pulling together with us an inventory of all the priority projects at all the universities and colleges in the province. You have this basket of priority, well-planned projects that support the growth that's coming in the system—and the growth is going to be close to 100,000 students in the next decade, so we know we want to accommodate them. We know we want to continue supporting cutting-edge research. It would send a tremendous signal if, in this budget, there was a commitment as well to that long-term infrastructure build. You don't have shovels in the ground in April, necessarily, on some of these, but this is about sustaining that investment that you could start making on the deferred maintenance.

I'm going to throw out what you might think is an extraordinary number: \$2 billion. Just to put it in perspective, MTCU is anticipating that about \$9 billion needs to be spent over the next decade to accommodate the growth and the research and innovation needs. So let's make the commitment now, when it's urgently needed. You'll send a fantastic signal to markets, the business community and to communities all across this great province of ours.

That concludes my comments about creating jobs. It's very much about creating jobs in the knowledge economy: new industries, digital media, nanotechnology, biotechnology. This is where Ontario's future is going to be, as we see manufacturing declining. So those investments we are recommending at COU would support that.

The theme of protecting jobs: The Reaching Higher plan, as powerful as it was—it's a simple fact that you'll find in the budget documents—flatlines this year. I think the government was planning to have it overlap with a second plan. Because of the financial circumstances, the government has made clear to us that it's not possible to have that overlap situation. We're flatlining this year. Costs are continuing to go up. They're going up 5% a year, and there is a hole that needs to be filled.

The market meltdown has meant we've had a hit on our endowments as well, to the tune of \$180 million across the province. The total of the budget gap of \$270 million and the endowment hit is \$450 million. I know it's painful to signal that to you, but it is the reality that we're dealing with. We are not asking you for help to deal with the endowment situation. Those endowments are supporting bursaries and chairs. We need to find a

way to continue those commitments. We are asking for help for the operating gap. So, on that score, COU is requesting that the government support bridge funding until we can get to that new Reaching Higher plan of \$270 million. I know it's a lot, but if we don't have that, this means we're going to have to cut faculty, lab technicians, support staff, library staff in order to make it up. That means job losses in every one of those communities that we know we have a higher education institution in.

The last point concerns—

**The Chair (Mr. Pat Hoy):** You have about a minute left.

1030

**Dr. Paul Genest:** Thanks. I'll be really efficient, here.

Pension plans: The meltdown has impacted our pension plans as well. I'll start by acknowledging what the government has done this week. That has helped us to the tune of about 20% of the burden. The burden we're facing right now is going to be in the order of \$560 million year over year, if we were to have an actuarial assessment done today. So it's really serious. Some of the universities would have to close. We're not asking you for money here; we're asking for regulatory relief. We plan to continue working closely with the Ministry of Finance to devise that. They have been responsive and they moved smartly this week, which is very helpful. More progress needs to be made, and we're looking specifically for relief on special payments, on those pension plans, allowing markets to stabilize and work on a longer-term structural plan.

That brings it to the end. I hope I kept within my 10 minutes, Mr. Chairman.

**The Chair (Mr. Pat Hoy):** The questioning will go to the government; Mr. Arthurs.

**Mr. Wayne Arthurs:** Well done, Dr. Genest. Thank you so much for being here—both of you—this morning. We much appreciate it.

I want to focus primarily on your comments on the Quick Start infrastructure, comments around the declining material prices, the freeing up of labour because of the slowing economy, which obviously would be a concern in another setting where, if prices were high and the market was hot everywhere, it would drive prices up.

I want to go from there into the issue of the green economy. As we transition ourselves from where we are to where we're going to be, obviously universities have been leaders in that in preparing young people to take us other places. What are the opportunities, as you see them, for us to use this Quick Start infrastructure opportunity within the settings of universities and colleges for green economy initiatives? What are we going to be able to learn from that as we come out of this era and position ourselves more broadly in the economy and set the stage for opportunities for public and private sector—outside of those institutions of higher learning and research?

**Dr. Paul Genest:** That's an excellent question. I think what we have here—because there is the slowdown happening in other parts of the economy, and where we

have the opportunity to restore some of that investment and activity, the universities are committed to very high levels of energy efficiency. By going to tender with those kinds of expectations, that you strive on new construction for platinum standards—many of the new buildings that are going in are in fact using that: intelligent skins, thermal heating, ultra-efficient energy systems—you help develop in the construction industry experience with those industries. This slowdown is not going to—we are going to recover, we are going to come out, and what you've got in the industry is a dispersal of greater knowledge around green technologies in terms of retrofit and also new construction. So when businesses come back into a position to start investing, that same knowledge can be applied—we start a movement to accelerate the movement to green our economy overall. So that's why I speak of a sort of triple benefit here.

**Dr. Roseann Runte:** Some of that is very simple. For example, a lot of the universities don't have double windows, we don't have storm windows, and that's part of our deferred maintenance. So some of it's very simple fixes.

**Mr. Wayne Arthurs:** I've had some personal knowledge over the past couple of years with the universities and colleges: geothermal—to be parochial—with UOIT in Oshawa and Durham region, which was an exciting infrastructure they did a few years back, and more recently with some of the local colleges where they're doing some energy retrofit activity—boilers, electronic systems—off-site energy management, which are really exciting. But I think what you're saying is there's an opportunity to accelerate those types of initiatives and put those into more of the institutions more quickly.

**Dr. Paul Genest:** Agreed. You also have opportunities for a living laboratory, so you bring to bear the expertise of the cutting-edge researchers that you have on staff.

Up in Sudbury, Laurentian University is about to break ground on a new \$15-million facility, the Living with Lakes Centre. It has won a major international award. It is going to house all these researchers who are focusing on water issues primarily across Canada, in terms of climate change and the transformations that are happening. They've got an opportunity to really have an incredible effect and an influence on the whole university plant up there, by virtue of the leadership that they're showing around that effort.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Dr. Paul Genest:** Thank you very much. Sorry I didn't leave enough time for the others.

#### OTTAWA COUNCIL OF WOMEN, HEALTH COMMITTEE

**The Chair (Mr. Pat Hoy):** Now I'd ask the Ottawa Council of Women, health committee, to come forward please. I notice you've been sitting there for a time, but I'm compelled to tell you that you have 10 minutes for

your presentation and there will be five minutes of questioning from the official opposition. Please just state your name for Hansard.

**Ms. Helen Saravanamuttoo:** My name is Helen Saravanamuttoo. I am talking on behalf of the Ottawa Council of Women. I am the convener for social welfare for the Ottawa council. I did send my brief in last night. I sent it to Mr. Short and to all of you through e-mail. You will be receiving it at your ministry e-mail addresses. I think Mr. Short is going to provide a hard copy.

First of all, I'd like to congratulate the government of Ontario on its release of the Ontario poverty reduction strategy, *Breaking the Cycle*, which commits the government to a target of a 25% reduction over five years. It'll do this by boosting the benefits to low-income families and enhancing public education.

At present, the government has committed to an increase of \$300 million per year of new money for the fifth year of the plan. While we find this release to be encouraging, we do have difficulty with its implementation, with the amount that you are suggesting.

The situation facing children growing up in Ontario is grim. Some 324,000, or almost one in nine, children and youth live in poverty, or 11.8%. The average poor family is living \$7,100 below the poverty line, and 45% of low-income children live in families where at least one parent is working full-time, full-year. Poverty rates for aboriginal, racialized, new immigrant and lone-mother-led families are at least double the average rate.

I want to talk a little bit about our changing world. A recent study found that 41% of Ontarians reported that they struggle to keep their debt under control, and 37% said that they're always just one or two missed paycheques away from being poor. That's an enormous number.

Because of the new situation that really has come out in the last quarter, we'd like to point out that we need new ways of thinking to help run the economy. We note that UNICEF, the OECD and the World Economic Forum examined the Nordic countries and found that they had the lowest child poverty rates, along with the highest competitiveness ratings, among the developed countries. They also had high taxes: 44% to 50% of GDP for Denmark, Finland and Sweden. Canada was 16th on the competitiveness rating. Our total taxes were 33.5%, and they were the sixth lowest. The national rate for child poverty was 14.9%. High personal taxes certainly are not a deterrent to competitiveness, but we're not advocating raising taxes at this time. We're just saying do not necessarily cut them.

1040

The study I talked about earlier has some other issues. Despite strong levels of personal financial worry, the vast majority of Ontarians are looking beyond their own interests and saying, "It's time to think about the poorest among us." Eighty-one per cent of Canadians say that during a recession, it's more important than ever for governments to help the poor, and 93% said that if other countries succeed in significantly reducing the number of



poor people, so can Canada. Ontarians—and that's 89% of people—want a Canada where no one lives in poverty.

In an April 2008 recommendation from the World Bank, the International Monetary Fund and the International Labour Organization, they suggested that we need to raise the minimum wage so that full-time work lifts people above the poverty line, and more low-cost child care spaces need to be created. We know that Ontario supports subsidized child care, but it also supports quality child care, to a large extent. They recommend:

- a progressive tax be instituted to counteract increased inequality;

- a basic social security floor be put in;

- affordable, decent housing;

- stimulus financing to promote development.

We recommend that the most effective way to provide stimulus is through putting money into the hands of low-income people. A really important point is that additional funds provided to people far below the poverty line will be spent locally and spent quickly, giving the economy a sharp boost. This type of stimulus is moreover cyclical, not structural, since the boost to the economy helps people move into the job market, which will in turn improve the added stimulus, and this brings in more taxes.

The recommendations are that the government of Ontario bring in immediate and significant increases to Ontario Works, the Ontario disability support program and the Ontario child benefit in the 2009-10 budget; increase funding for subsidized child care spaces; increase minimum wage to \$11 by 2011—and I'd like to talk to Mr. Hudak afterwards about that; and invest in affordable housing, particularly for the rental market.

Recommendation number 5 is that, because Ontario has lost so many manufacturing jobs, we recommend the government fund a study to determine how good jobs can be developed and retained in the province. We feel that probably has something to do with them operating locally as well as internationally.

My last point is that municipalities require additional funding. I don't know if you've heard of the recent fiasco in Ottawa at the Ottawa council. We just do not have enough money to do the necessary—to provide the operational budget, which has been chaotic year after year. The city has used up its resources.

We recognize that the province has uploaded some of the costs of social assistance, and we really agree that's a wonderful thing for us. We hope that you will accelerate this. Also, we hope that with respect to the capital budget, you will accelerate the funding for infrastructure, which is badly needed here. We even have social housing which is not up to par and really is in desperate straits. I know you have given some money for that.

We feel that the municipalities in Ontario need to have some way of raising their own taxes, their own money, because as you probably know, we can't increase property taxes except by increasing the rate, which really hurts the poor a lot.

We need to be able to budget in advance so that we can plan and make sensible decisions.

The Ontario government is beginning to recognize the problem and has begun to address the needs of Ontario's towns and cities. Not only are social services uploaded, but it allocated a relatively small amount of money from the gas tax to infrastructure. So we recommend that it consider ways of giving municipalities the power to raise their own taxes, raise their own money, for the ever-increasing costs of services for residents and for capital spending, particularly for infrastructure repair. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go the official opposition, Mr. Yakabuski.

**Mr. John Yakabuski:** Thank you very much. May I call you Helen?

**Ms. Helen Saravanamuttoo:** It would be easier, I'm sure.

**Mr. John Yakabuski:** Yes. I'm not going to take a stab at that one.

**Ms. Helen Saravanamuttoo:** It's quite simple, actually.

**Mr. John Yakabuski:** Saravanamuttoo?

**Ms. Helen Saravanamuttoo:** Very good.

**Mr. John Yakabuski:** But "Helen" is still easier.

**Mr. Tim Hudak:** It's easier than "Yakabuski."

**Mr. John Yakabuski:** It is sometimes—easier to say and more pleasant too.

You've left a whole lot of questions in your presentation, because you touched on many things.

**Ms. Helen Saravanamuttoo:** Yes, I recognize that, and I haven't been able to read the whole thing, obviously.

**Mr. John Yakabuski:** No.

**Ms. Helen Saravanamuttoo:** And you will get that, I promise you.

**Mr. John Yakabuski:** But we will get the hard copy, and we appreciate that.

You talked about the government's new 25 in 5 strategy. We welcome that too, but they have basically admitted that it is almost entirely dependent upon what the federal government does to pony up the money. Are you aware of that?

**Ms. Helen Saravanamuttoo:** Yes, I'm perfectly aware of that and I wondered about that, and putting something in. We are, I have to say, a non-partisan group. I did hear yesterday—on George Strouboulou—Michael Ignatieff say that he would press for low-income tax relief. I do not think that's enough. I think you have to put more money into the hands of the people.

**Mr. John Yakabuski:** The federal government is talking about quite a large stimulus package now—

**Ms. Helen Saravanamuttoo:** Yes, they are indeed.

**Mr. John Yakabuski:** —and they have talked about social housing and public housing units—

**Ms. Helen Saravanamuttoo:** Which is great. Yes, and we support that. I did mention housing.

**Mr. John Yakabuski:** Yes. A couple of things you touched on, and it's always the difficulty—we recognize that groups that work on behalf of people who are living

below the poverty line are essentially dependent upon government for their funding.

**Ms. Helen Saravanamuttoo:** I have to say that the council of women is not dependent on funding from the government. We do not get any funding; we are self-supporting. We do think it's very much on a shoestring.

**Mr. John Yakabuski:** Okay. I guess people who live below the poverty line are many times dependent on government funding for their living.

**Ms. Helen Saravanamuttoo:** Absolutely.

**Mr. John Yakabuski:** It has been bandied about through the years—

**Ms. Helen Saravanamuttoo:** Except—excuse me. Could I just finish up there?

**Mr. John Yakabuski:** I'm going to ask you a question.

**Ms. Helen Saravanamuttoo:** Low-income poverty people—45% of poor children live in families that are working, where at least one parent is working full-time, all year.

**Mr. John Yakabuski:** That brings me to my question. It has been suggested by some politicians of all political stripes that we should consider the possibility of a guaranteed annual income, as opposed to the cornucopia of programs that we have today—a guaranteed annual income. How does your organization feel about that?

**Ms. Helen Saravanamuttoo:** That would be wonderful.

**Mr. John Yakabuski:** So you support that kind of an approach?

**Ms. Helen Saravanamuttoo:** Yes, as long as it would provide sufficient income. It depends on the amount.

**Mr. John Yakabuski:** Yes. If it's going to be worse than it is today, you probably wouldn't support it, then.

**Ms. Helen Saravanamuttoo:** Absolutely. And I think that the Ontario child benefit is a great move forward, in that it does help these—

**Mr. John Yakabuski:** Helen, you said 31% of—you did a study or a survey of either your respondents or the people you've included in your survey. They basically feel that they are one or two failed or missed paycheques from being in deep financial trouble.

1050

**Ms. Helen Saravanamuttoo:** Yes, and the reference is in the paper which you will get, but it is a paper. It's a study done by Environics Research for the CCPA, the Canadian Centre for Policy Alternatives—

**Mr. John Yakabuski:** And was this done—

**Ms. Helen Saravanamuttoo:** It was cross-Canada—

**Mr. John Yakabuski:** This was across Canada. Okay.

**Ms. Helen Saravanamuttoo:** —but the Ontario results were taken out, and this study is in Ontario itself.

**Mr. John Yakabuski:** So this was 31% of people in Ontario. That is certainly concerning, given the fact that a good number of those 31% are very likely to be missing one or two of those paycheques in the next several months, as our economy manifests the effects of the negative economic situation worldwide, which are certainly going to be more prevalent here.

**Ms. Helen Saravanamuttoo:** It's actually 37%; I'm sorry if I said 31%.

**Mr. John Yakabuski:** I just wrote down 31%.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Ms. Helen Saravanamuttoo:** Could I just say very quickly, there's certainly research which I can send you to say that minimum wage increases do not act as—

**Mr. Tim Hudak:** Yes, sure. We always appreciate any information you can provide the committee. That would be great.

**Mr. John Yakabuski:** Thank you very much, Helen, and Merry Christmas to you.

## SOMERSET WEST COMMUNITY HEALTH CENTRE

**The Chair (Mr. Pat Hoy):** Now I'd ask the Somerset West Community Health Centre to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning from the NDP in the next rotation. I would just ask you to state your names for the purposes of our Hansard.

**Ms. Vicky Smallman:** My name is Vicky Smallman. I'm the chair of the advocacy committee and a member of the board of directors of Somerset West Community Health Centre.

**Mr. Eugene Williams:** My name is Eugene Williams. I'm the health promotion coordinator with Somerset West Community Health Centre.

**The Chair (Mr. Pat Hoy):** You can begin.

**Ms. Vicky Smallman:** I'd like to thank the members of the Standing Committee on Finance for this opportunity to offer our input on the upcoming budget.

The mission of Somerset West Community Health Centre is to help people achieve optimal health and well-being. Special attention is given to those who have additional needs because of language, culture, age, gender, family composition, disability or other factors. We offer a range of health services and social services to people living within the western part of the downtown core here in Ottawa.

Our health services include regular medical appointments, a walk-in clinic, a street outreach team, home visits, counselling and community education, plus many topic-specific interventions. Our community and social services range from anonymous HIV testing, ethno-cultural HIV and AIDS prevention, crisis intervention drop-in, mental health services, women's counselling and a lot more.

We'll focus our presentation today on the poverty reduction plan outlined in the report *Breaking the Cycle: Ontario's Poverty Reduction Strategy*. In particular, we will address three aspects of this plan: income security, oral health, and equitable access to health care services for marginalized populations.

We're very encouraged by the general direction of the government's poverty reduction strategy. We know from our experience that poverty makes people sick and is the



key social determinant of health. This is why we support the government's commitment to reducing the number of children living in poverty by 25% over five years. In addition, we are pleased that the government is increasing the child benefit, extending some existing programs and creating a new oral health initiative.

With a recession looming and many people at risk of losing their employment, the need for a concrete plan to reduce poverty in Ontario is even more urgent. We urge the government to continue to develop the strategy in light of the current economic climate and to set concrete targets and timelines, starting with this budget.

I'm going to move on to income security. According to the Public Health Agency of Canada's population health research, income is the key social determinant of health. In other words, poverty makes people sick. We are encouraged that the Breaking the Cycle report recognizes the moral and economic imperative to reduce poverty in Ontario, and we do support the target of moving 90,000 kids out of poverty. If this goal is achieved, it will go a long way toward preventing illness and keeping children healthy.

We are concerned, however, that the proposed increases in the child tax benefit do not address the depth of child poverty in Ontario. The report acknowledges the core principle that kids live in families but does not address the income security of families living in poverty. In particular, the poverty reduction plan leaves Ontario Works and Ontario disability support payments unchanged and the clawbacks on social assistance remain largely untouched.

From 1992 to 2007, Ontarians living on social assistance have seen their income drop in real terms by 25% to 28%. An immediate rise in these social support payments of just 30% would only bring them up to a 1992 status quo. Increasing the child tax benefit is a step in the right direction, but it is only a Band-Aid solution if Ontario families on social assistance are forced to remain living with an income that is below the poverty line.

Our recommendation supports the call made to this standing committee by the Association of Ontario Health Centres, calling on the government to increase Ontario Works and ODSP payments that will bring them up to levels equivalent to 1992 rates, with a commitment to full indexation going forward. This needs to be a part of a comprehensive poverty reduction plan with concrete targets and timelines.

**Mr. Eugene Williams:** My part of the presentation will speak to oral health initiatives within the anti-poverty plan and equitable access to health care services for marginalized populations. I'll begin by talking about oral health.

The lack of oral health services for people living in poverty represents a major gap in our health care system in Ontario. Aside from tooth decay, untreated tooth problems can contribute to heart disease, diabetes and generally poor health—problems that cost the health care system more money over the long term. Currently, people on social assistance only qualify for treatment for

emergency services like tooth extractions, but don't receive any preventive care. We are encouraged that the Premier introduced an oral health initiative on March 17 of this year, with a commitment of \$45 million in annualized funding to begin in the 2008-09 budget year. Included in this announcement was the commitment that community health centres would be the key vehicle for delivery of oral health care for low-income Ontarians, especially children. However, Breaking the Cycle failed to affirm the community health centres' role in this initiative, and we look forward to clarification on that point and specifics on the funding available.

Community health centres in Ottawa have met with Ottawa public health officials and we are ready to get to work to implement an oral health program that targets children living in poverty in Ottawa. One recommendation we have around oral health is that we endorse our provincial association's recommendation, which asks the government to provide \$45 million per budget year, beginning with this year, to be flowed to public health units for implementation by community health centres, as appropriate. All to say that we're ready to get to work.

The last area that I want to cover is equitable access to health care services for marginalized populations. The catchment area of Somerset West Community Health Centre is characterized by low incomes, high unemployment and underemployment, ethnic diversity, large numbers of recent immigrants, a high use of non-official languages, high mobility and a high proportion of single persons and elderly persons. The catchment is also home to a high proportion of individuals who are homeless and individuals with mental health problems. We work with many poor families who come from marginalized communities.

Just to give you some numbers: We currently have approximately 10,500 active clients; 33% percent of our clients earn less than \$20,000 a year—and those are families; 29% of our clients speak a language other than English; 34% of our clients originated from another country; and 6.5% of our clients are homeless.

We are very encouraged that the Breaking the Cycle report recognizes that children who grow up in poverty will be less healthy, have poorer outcomes in school, experience chronic underemployment and become involved in crime. However, the strategy fails to address the inequity of access to primary health care for marginalized populations living in poverty and the need to reorient a health care system towards health promotion, which is to say that we need to have a system that keeps people well in the first place.

Our centre is at the forefront of health promotion and disease prevention with low-income families within a diverse community. It is essential that community health centre funding is augmented to ensure that marginalized people living in poverty have equitable access to health and social services in order to keep people healthy and well.

In November 2008, community health centres and aboriginal health access centres were informed by the

government that they will be receiving a 2.25% increase in stabilization funding for 2008-09, retroactive to April 1 of this year. While we appreciate this increase, community health centres have been told to plan for a 0% increase in both fiscal years 2009-10 and 2010-11. However, other local health integration network-funded health service providers have received notice of budget increases for 2009-10 and 2010-11. Why are community health centres being treated differently from other community-based LHIN-funded organizations? That's an open question that we have.

1100

This decision puts community health centres and aboriginal health access centres at a clear disadvantage for meeting the ongoing operational and program needs, with a particular impact on recruitment and retention, already a significant challenge faced by our sector. In addition, it will be almost impossible for our centre to expand services to meet the anticipated health and social service needs of people who will experience financial and emotional hardship as a result of the looming recession. We require stable, consistent and predictable funding in order to ensure that residents in our catchment area have equitable access to health care and social services.

A recommendation that we have in this area: We join with the Association of Ontario Health Centres to call on the government to provide a stabilization fund increase for community health centres and aboriginal health access centres equivalent to other community-based, LHIN-funded health service providers.

I just want to close by highlighting a campaign that my organization strongly supports. It's being organized by the Toronto Oral Health Coalition. In your packages, I've circulated a one-page sheet from our provincial association with the postcard picture that says, "Everybody has the right to a healthy smile." If you can see this toothless fellow, just imagine this gentleman trying to job-search, let alone going about his day-to-day business and the incredible shame that he must be feeling to present himself with this public face. This campaign notes that 42% of people in Ontario have no dental insurance. I just want to highlight the very real importance of keeping the commitments that the government made to roll out an oral health initiative, not to mention some of the other aspects of the anti-poverty plan.

**The Chair (Mr. Pat Hoy):** Thank you. Mr. Prue will have the next five minutes for questioning.

**Mr. Michael Prue:** The government's announcement on poverty reduction centres upon children. It leaves out the disabled, it leaves out new immigrants, it leaves out people of colour, it leaves out aboriginal Canadians. It leaves out broad swaths. Is a program that deals only with children going to work in your community?

**Ms. Vicky Smallman:** Not only does it only deal with children, but it actually has gaps even in that respect, in that it doesn't really reference the incredible crisis in child care spaces going on. So even in addressing the needs of children, it doesn't quite go far enough. I do think that it does need to be much more broad in terms of

its plan and much more concrete in terms of the things it's going to achieve: how many social housing spaces are going to be created, how many nutrition programs, and so on.

Eugene, do you have anything to add to that?

**Mr. Eugene Williams:** I would just add that you can't take kids out of a family context. We would argue that the anti-poverty plan has to bring to the table the Ministry of Community and Social Services, and the government needs to look at raising the rates. Quite frankly, poverty and income is a major social determinant of health. Unless you lift people out of poverty, other measures will only be stopgap measures.

**Mr. Michael Prue:** In terms of the income security recommendation, you are recommending that the levels be raised approximately 30%?

**Ms. Vicky Smallman:** Yes, with full indexation going forward, so then it's not the end.

**Mr. Michael Prue:** Okay, you know about that. Are you looking at the 30% in this budget or are you looking at it being phased—

**Mr. Eugene Williams:** I would say as soon as possible. A phased-in approach would at least be a step in the right direction but, quite honestly, people living in poverty have seen their real incomes drop and they're hurting in this economy. I would say that we can't afford not to make that investment. The cost to the health care system is astronomical. All the evidence suggests that people living in poverty over the long term experience many chronic diseases. They're presenting themselves in our hospital emergency room departments with issues that, quite honestly, are preventable, and I think we need to tackle poverty. If we don't do it now, we'll pay for it in the future.

**Mr. Michael Prue:** Other deputants have come forward and talked about, one of the small ways of tackling poverty is to allow the disabled to not have their incomes clawed back when they go out to work—examples of people born with Down's syndrome who get a job sweeping up at McDonald's and have half their money clawed back. Do you think that the government should be looking at this?

**Ms. Vicky Smallman:** Yes. It's kind of a no-brainer that anything that contributes to the—you can't make progress in your life in getting out of poverty if your income is at risk just by taking the steps that you need to take to improve your condition of life. It's like taking one step forward and eight steps back. So certainly anything that claws back the funding that people receive does put them at risk.

**Mr. Michael Prue:** Earlier this morning we had a group called the Hintonburg Community Association, who said that I should ask you the question. It was in terms of how much social housing, assisted housing or supportive housing is needed in the Ottawa area, particularly the west end Ottawa area. They were not able to answer the question but they suggested you might be able to.



**Mr. Eugene Williams:** I think a good indicator of the—I would call it a crisis in affordable housing that we're facing in Ottawa: approximately 9,000 to 10,000 people are on the social housing waiting list, so there are a lot of people living in poverty who are struggling to find affordable housing. So we need a national housing strategy, quite honestly, and we need the province to join with the federal government and the municipalities to build more non-profit housing.

**Ms. Vicky Smallman:** And supportive housing—I think they were right to raise that. We have in our catchment area many people who are dealing with mental health issues and addiction issues in particular, and the absolute absence of supportive housing spaces in our community makes it so much more difficult for those people to break the cycle of addiction and to start to be more productive members of society. It does have lasting effects on our community at large.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### RENFREW COUNTY CHILD POVERTY ACTION NETWORK

**The Chair (Mr. Pat Hoy):** Now I would ask the Renfrew County Child Poverty Action Network to come forward. Good morning. You have 10 minutes for your presentation. There will be five minutes of questioning coming from the government side, in this case. Please state your names for Hansard.

**Mr. Greg Lubimiv:** I'm Greg Lubimiv. I'm the co-chair of the Child Poverty Action Network as well as executive director of the Phoenix Centre for Children and Families, which is a children's mental health centre serving Renfrew county.

**Ms. Lyn Smith:** And I'm Lyn Smith. I'm the co-ordinator for Renfrew County Child Poverty Action Network and I actually run the network day to day.

Firstly, on behalf of Renfrew County Child Poverty Action Network—we're also called CPAN for short—we'd like to thank you for giving us this opportunity to appear before you today. We'd also like to commend the Ontario provincial government for the Ontario poverty reduction strategy that was announced on December 4 this year.

CPAN is a key member of 25 in 5, Campaign 2000 and the National Anti-Poverty Organization. We have welcomed and will fully support this government in your commitment to reduce child poverty in Ontario by 25% in five years.

We apologize; we did have a PowerPoint but apparently that's not working. But in your handouts you do have some slide prints.

**Mr. Greg Lubimiv:** We've also included The Cost of Poverty report, which has been referred to by several of your presenters, in case you didn't have that document. It's quite an interesting document because it actually starts to capture the economic cost of maintaining poverty in the province of Ontario. Just some particular

issues related to that that have already been mentioned: We are in difficult economic times and so we're going to have more poor. When we talk about 25 in 5, which we very much endorse, the target of 90,000 children may actually be low, may not be the portion of 25% in the fifth year.

#### 1110

Poverty has significant costs for all governments, the federal and Ontario governments losing at least \$10.4 billion to \$13.1 billion a year due to poverty. Poverty has a cost for every household in Ontario. Each household loses approximately \$2,299 each year to support the issues related to poverty.

We know that health care and crime have relationships to poverty. We know that investment in child care has a significant return for low-income populations. We know that the annual cost of child or intergenerational poverty is very high, and that if it was eliminated the total economic cost of child poverty in Ontario would be about \$4.6 billion to \$5.9 billion annually. So economically we know that eliminating poverty actually is good economic sense and creates better health for communities, for provinces and for the nation.

But it does take working collectively, and we heard that mentioned also in some of your questions and through presentations that it's not just one government that is going to solve this. It's all levels of government, including the private sector being involved.

I want to jump to some of what we think needs to happen, and it is very much supported by what you've already been hearing.

We endorse the implementation of 25 in 5 with a clear schedule, adequate funding and defined milestones. Those are really key. There have been many attempts at trying to attack the issue of poverty in the past, but it's like having a car that you're buying which needs some wheels, and you put one wheel on it. Then you wonder why it's not going very far. You really need to make sure that we provide the adequate supports and finances.

We're suggesting we create 100,000 new geared-to-income houses each year for the next five years. This will not only provide necessary homes, but could be part of the stimulus towards economic recovery.

We'd like to ensure that all Ontarians have access to adequate health care benefits, including access to prescription medication and preventive dental care. No family should ever have to make the choice of providing medicine or food, especially in this province, and that's what's happening every day for many families.

To work with the federal and provincial governments to create a maximum limit of 10 points over prime—one of the issues that we're finding for many of the people we see is the credit rate crunch. The poor pay the highest for credit—29%, 24%, 18%—and it really is an issue of the poor being caught in a trap that they'll never get out of. There should be some laws, especially for the cash loan companies, which are at a 300% level and keep our poor poor. This is something that could be very clearly done through coordinated government regulations.

We think there should be a clear emergency assistance plan which will prevent homeowners from losing their homes as we move through this recession. We know that that is a reality that many US families are facing. We have currently many Ontarian families that are facing this or are near this. You heard the stats of a large percentage of families being one or two paycheques away from being poor themselves or from losing their home. We can be proactive in terms of looking at what is that strategy. I'm not sure what it is, but certainly there are some financial gurus who could come together and come up with a plan that would work.

We also want to ensure that any policies that are created are flexible enough to take into consideration both rural and urban realities. One of the past experiences we have had with many policies is they seem to be Toronto-centric or Ottawa-centric, and they don't consider what is happening in places like Renfrew or Eganville or Prescott-Russell.

We want to make sure that any type of stimulus that is created, any type of support that's provided, is also provided in those rural areas and flexible enough to adapt to community needs. If there is business stimulation, we need to also think about not just the auto industries but forestry, farming, tourism and small business, which are really the heart and soul of many of our rural areas.

There is no better time to deal with poverty than now. Even with the economic recession, there is an opportunity to be more preventive and to do something that is going to have a longer-term impact, a positive impact, on our society as a whole.

We know from the survey of attitudes of Ontarians that we have never had such positive and wonderful support of the need for change, a need for making change and for reducing the poverty levels. We know that 81%, the majority of Ontarians, say that a time of recession is a time when we need to help the poor, not run away from them. We know that 89% say it's time for political leadership to reduce the number of poor people. We know that 87% of Ontarians support the raising of minimum wage. We also know that 89% agree that no one should live in poverty. We finally have public support. This is not something that is just being driven by social service support systems and agencies.

In Renfrew county with CPAN, we held four community forums to talk about the poverty reduction strategy for Ontario. Three of these were exclusive to participants who were low-income families, because we wanted to hear from the real experts as our consultants. They're the ones who are living it. One of the forums had a mixture of those who were low-income and those who were from social service agencies etc. We were able to gather a great deal of insight on that and get some tremendous support in the real world for the 25 in 5 Network for Poverty Reduction and for the government to make some changes in those areas that we have talked about.

You do have a copy of the full report in your packages, but I want to reflect on one of the areas where

we had children, ages four to 17, in a separate room—there were about 20 of them—and these are some of the things that they said in answer to the question, “If you were Prime Minister, what would you do to make families happy?”

“Every family would have a home”; “buy them toys and things for play”; “supplies and money for school”; “buy food and clothing”; “birthday presents”; “shelter”; “donate money so they can go to school”; “give people more money”; “build houses”; “make jobs easier”; “give children who don't have a home a home”; “everyone has health insurance”; “give money to kids so they can play sports”; and “money for medicine.” These are our kids talking; let's listen to them.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning will go to the government. I'm advised that Mr. Lalonde will ask his question in French. If you'd all turn to channel 3 for just a moment.

**M. Jean-Marc Lalonde:** Merci beaucoup d'avoir pris le temps de vous rendre ici ce matin.

Je crois que nous touchons à un point très, très important : la pauvreté chez nos enfants. Vous êtes sans doute au courant que la pauvreté est plus grande dans le secteur rural que dans le secteur urbain. Est-ce que vous voyez les raisons principales pourquoi la pauvreté est plus grande dans le secteur rural qu'urbain ? Aussi, on s'aperçoit que lorsqu'il vient le temps des études aussi, les notes scolaires sont souvent plus basses dû au fait du déplacement—et aussi obtenir les services de santé. Est-ce que dans votre secteur de Renfrew vous comptez beaucoup plus de familles pauvres dans le secteur rural que dans le secteur urbain ?

**Mr. Greg Lubimiv:** We often find that there seem to be concentrations of the poor in rural areas. A couple of things, and you already mentioned one: transportation is an issue, access to services is an issue and access to jobs is an issue. The amount of choice in rural areas is more limited. In a city, you may have a larger number of businesses, of possible job opportunities close by and you may have food banks close by. In Renfrew county there are only three food banks in three communities. We have something like 40 different municipalities—very small to larger. Those who are in Eganville or in Dacre—very small communities—how do they get access to some of those special services?

The piece on education, as well: Our young people end up with fewer choices. Education becomes not an attractive piece for them—to finish high school, to go to college, to go to university—because what is in their future if they want to remain in the county where they feel comfortable, where they feel a part of their family?

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So, in order to get ahead, our young people often have to leave home, and it has become worse over the last few years. The economic issues, I think, hit the rural areas before they hit the urban areas. We have far fewer choices in terms of jobs. We have layoffs that we've been facing over the last three or four years. Whole companies have been closed, losing 200 employees, 300 employees, 20



employees. The forestry industry, which is a mainstay for Renfrew county, has been affected tremendously in the last 10 years. So employment is becoming an issue. The infrastructure is not there.

Fortunately, one of the benefits we do have in rural communities is that there are a lot of good hearts and there do seem to be many individuals and small businesses which see the issue, so organizations like ours are getting tremendous support for finding snowsuits or shoes to give to kids in need.

**Ms. Lyn Smith:** I'd like to add to that. One of the things that happens in a rural community, and especially in Renfrew county, is that we have deep pockets of poverty. People are really very much below the poverty line. They're living \$10,000 to \$14,000 below the poverty line, on average. So when they're poor, they're desperately poor.

Another problem is that we have very high precarious employment: seasonal, temporary, part-time and contract positions. I believe, on the last figures that I had, 52% of all employed people in Renfrew county are precariously employed.

Of course, along with precarious employment comes lack of benefits. Personally, on a daily basis mothers are phoning me who can't afford to either feed or give medicine. Either way, they aren't fulfilling their parental obligations, but they have no choice. We have schools that actually give out money to parents for medicine.

Rural poverty is a sad situation for children.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Greg Lubimiv:** Thank you for this opportunity.

#### PROVINCIAL NETWORK ON DEVELOPMENTAL SERVICES

**The Chair (Mr. Pat Hoy):** Now I'd ask the Provincial Network on Developmental Services to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, which would come from the official opposition. I'd just ask you to identify yourself for Hansard.

**Mr. Geoff McMullen:** Good morning. My name is Geoff McMullen. I'm speaking today as chair of the Provincial Network on Developmental Services. I'm also, in my other life, the executive director of Developmental Services of Leeds and Grenville. I thank you for the opportunity to speak today.

The Provincial Network on Developmental Services is an affiliation of provincial organizations, representing 250 agencies and families, that provide supports to individuals and families in the developmental service sector across Ontario. I'm here today to address the current situation facing the developmental service sector. We are very concerned that the sustainability of the sector is at risk.

The government released its poverty reduction strategy on December 4, 2008. The sector has proactively participated in the consultation process to ensure that the

needs of individuals with developmental disabilities and their families are taken into account. A key element of the poverty reduction strategy is the government's commitment to long-term, affordable housing. We look forward to the details of this initiative. We are also participating in policy discussions on child poverty, specifically pertaining to children with disabilities.

The Minister of Finance, in his fall economic statement, revealed that transfer payment funding will not be increased in 2009-10. While recognizing the challenge in the current economic environment, we strongly urge the government to recognize the developmental service sector's important contributions and services to those with developmental disabilities and their families by protecting its commitments.

The government must continue its promised multi-year funding and protect the commitment for a 2% increase in the operating budgets and the previously negotiated increases in salaries.

It also must provide an additional \$60 million in funding for services for the 2009-10 fiscal year. These funds are critical in providing services to the approximately 13,400 individuals and their families who have been waiting for residential services, day programming and other critical support services—many waiting for a number of years.

In 2004, the government made a commitment to transform the developmental services sector. Since then, the government has introduced several important measures to individuals with developmental disabilities and their families, such as integrating by 2009—actually, by March, and we are on target—the remaining individuals with developmental disabilities who are living in government-run institutions into the community.

There was the launching of the Passport program, which started to expand individual funding to families; also, creating a progressive framework for transformation of the developmental service sector through the Services for Persons with Developmental Disabilities Act, which you passed. It was a new act; our last act that we had been working under was 35 years old. Also, recently, the changes to the registered disability savings program—all very positive steps in transforming the system.

During the 2007 and 2008 pre-budget consultations, the network sought \$200 million in new funding to be added to the sector's base operating budget for that year of 2007-08. These funds were meant to address long-standing and urgent pressures facing individuals with developmental disabilities and their families. The 2007 budget committed \$200 million in new funding to the developmental service sector, but it was over four years. This new funding committed a 2% annual increase in base operating budgets. This was the first time the sector had been given an increase in operating dollars in many years. This new funding was a positive step in addressing the sector's long-standing and urgent needs.

Unfortunately, for several reasons, the sector remains at a critical juncture. The decision to spread the new funding over four years delayed a badly needed cash in-

fusion to address the pressing needs facing individuals with developmental disabilities and their families that had accumulated over no budget increase. This had also been exacerbated by unanticipated labour costs in the fall of 2007 that resulted in an additional \$100 million in cost to the sector without addressing the real issue of long-standing wage gaps in the sector. These settlements were driven by external factors out of the control of the sector.

By mid-2007, most of the \$200 million in additional funding had been committed to cover negotiated labour costs, statutory requirements such as WSIB and pay equity, as well as limited program growth. Nonetheless, I would like to emphasize that, in good faith, we are working with the ministry to increase capacity across agencies without any additional funding to support these enhancements. Despite the challenges, we expect to provide approximately \$22 million more in services to individuals and families across the province, including residential and community supports, and day programming. We have planned that over an 18-month period, along with the Ministry of Community and Social Services.

The \$200 million in new funding in 2007 was a positive step. However, the challenges I have referred to are exacerbating the already built-up pressure on the sector and are hindering our capacity to address long-standing service demands for individuals with developmental disabilities and their families.

As the remaining individuals in government-run institutions are integrated into the community next year, there will be unprecedented demand for service. We are doing our share in working with the government to accommodate this increased capacity without additional funding, yet pressure continues to mount and waiting lists continue to grow. I assume most of you have met the aged parent with the adult child or the parent whose child is leaving school and has no day programming.

In his fall economic statement, the Minister of Finance announced that transfer payments—funding to agencies—would not be increased in 2009-10. Protecting the commitment for a 2% increase in base operating budgets, as well as commitment to the ministry's negotiated salary increases, is essential to the sector's sustainability. It is important to note that in our sector, the 2% increase has been committed by agencies across the province in negotiated contracts and legislated requirements. We recognize the challenge in the economic climate; however, we strongly urge the government to recognize the importance of the sector's services and supports and their delivery by maintaining its multi-year funding commitment.

1130

On a final note, I would like to acknowledge that among developmental service partners there's a strong commitment to achieve the government's transformation agenda. At this critical juncture, the network and the government must continue to work in partnership to build on its positive momentum and complete the transformation of the developmental service sector. Only then will

Ontario have a fair, equitable and sustainable system of supports and services for individuals with a developmental disability in their family.

To that end, I urge the committee to acknowledge the long-standing needs of the developmental service sector. The network respectfully requests that the following recommendations receive support for inclusion in the committee's report.

- (1) Continue the promise of multi-year funding.
- (2) Protect the commitment for a 2% increase in operating budgets and negotiated salary increases in 2009-10.
- (3) Provide an additional \$60 million in funding for services for the 2009-10 fiscal year. These funds are critical in providing services to the approximately 13,400 individuals and their families who have been waiting for residential service, day programming and other critical supports.
- (4) We need to systematically address our waiting list. We acknowledged last year that it would take five to seven years, but we really do have to get out of the starting block to address that long waiting list.

Thank you.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning will go to the official opposition. Mr. Barrett.

**Mr. Toby Barrett:** Thank you, Mr. McMullen, for speaking on behalf of a number of agencies that you're representing, such as Community Living.

You indicate that the recent economic statement by the Ontario government indicated no increase in the coming fiscal year. You make reference to a commitment of a 2% increase in operating budgets. Whose commitment was that?

**Mr. Geoff McMullen:** That commitment was made in a multi-year funding by the government in 2007, and the commitment addressed a number of issues. The 2% was on the base budget, plus salary and increases.

**Mr. Toby Barrett:** Was that a particular minister or ministry? Do you recall?

**Mr. Geoff McMullen:** That would have been Minister Madeleine Meilleur. I believe it was in May 2007.

**Mr. Toby Barrett:** Just to change gears a bit, with respect to people who have various disabilities and also various abilities: I'm aware of what I see as a success in part-time employment and volunteer employment; I think of, locally, in Brant county, Brantford, an organization called Abilities First—we had an awards ceremony just a month or so ago—where people get an opportunity to join the team, join a work environment, help out, volunteer, make a bit of money up to a certain limit. If they go over that limit, then they have to fill out all kinds of forms again and they lose that money. Do you have any suggestions on how we can better enable that kind of approach to be even more successful?

**Mr. Geoff McMullen:** I think what you're saying, certainly, is that it's the first movement of inclusion, especially of those young people who have now grown out of the school system, and it's very positive. We have to ensure—and most of these young adults and older



adults would be on ODSP—that there aren't the road-blocks in there that deter people from getting out, getting involved, getting that part-time job. We could go down to what type of—either on the ODSP or looking at some type of guaranteed income level that's there—but really, reduce any blocks that would stop someone with a disability or others from getting back into their community and into the workforce or volunteerism.

**Mr. Toby Barrett:** I talked about the money that gets clawed back. It's very, very important. You use the term "inclusiveness." The opportunity for people, especially when they're working with a very good employer or a good work environment—and in my observation, many of the employers who have the patience and reach out this way are some of the best employers in the area. So the people benefit much more than any monetary benefits, in the sense that they become part of that team.

Further to that, you make mention of the registered disability savings plan. I don't know whether Mr. Yakabuski—do you have a question on that?

*Interjection.*

**Mr. Tim Hudak:** Mr. Barrett had a similar point of view as I. What barriers can we break down? The Americans have the Americans with Disabilities Act that has cleared the way, in many senses, for people with disabilities to move into the workplace and express their rights. There's something we can learn from that experience for Ontario. Secondly, programs like the RDSP: What's your view on them in helping folks in that position?

**Mr. Geoff McMullen:** Certainly, any of those programs, we were very happy to see. We're pushing to ensure that ODSP wasn't rolled back with the plan. I think there's a compromise there, but it's a new way of doing business, in that sense. Any of those that, again, can support families and individuals standing on their own are very helpful.

The rights movement—there's a lot we could discuss, Tim, on that. But we are learning from many of those jurisdictions.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### CANADIAN UNION OF PUBLIC EMPLOYEES, ONTARIO DIVISION

**The Chair (Mr. Pat Hoy):** And now I call on the Canadian Union of Public Employees, Ontario division, to come forward please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning, and in this round it'll come from the NDP. I'd just ask you to state your name for our recording Hansard. You can begin.

**Mr. Michael Hurley:** Thank you. My name is Michael Hurley. I'm the president of the Ontario Council of Hospital Unions. Diane Morin is the president of the CUPE local at Cornwall General Hospital; Louis Rodrigues is the president of the CUPE local at the Kingston General Hospital. With us today are about 60

employees of the Kingston General Hospital who have come for these hearings. They're cutting 157 jobs at the Kingston General Hospital. There aren't any plans to lay off people, so people aren't here because they've been given a layoff notice. They're here because they're very worried about how we're going to cope with the rapidly increasing numbers of people we process through Ontario's hospitals, how we're going to cope with those workloads, how we're going to try to keep people safe and care for them properly in an environment where hospitals are told, as Kingston and Cornwall have been, that deficits are not tolerable.

We're a little confused by the government's policy with respect to finances. On the one hand, there's an incredible largesse around the private-public partnership hospitals, with almost \$1 billion in cost overruns, producing smaller facilities with fewer workers, and on the other side of the equation, on the operating side of the equation, there's a rigid and inflexible policy that suggests that hospitals cannot have deficits. So next year, 110 hospitals, as you know, are going to be in deficit, hospitals from Kenora to Leamington. There will be significant pressures on those hospitals. We're very concerned because the Minister of Finance indicated to the Legislature that hospitals and transfer partners could not necessarily count on the levels of increases that the government committed to earlier. If the government does not deliver on the 2.1% increase for hospitals, then we calculate we're going to see, because health care inflation is running at 3.5%, 9,000 job losses in the Ontario hospital sector across the province. To put that in perspective, Chrysler Canada, which is on the verge of bankruptcy, has 9,800 employees in Canada, most of those in Ontario.

**1140**

We'd also like to talk to you about the impacts that this deficit policy is having in terms of closing smaller rural hospitals, hospitals which previous governments failed to close, like, for example, the Port Colborne and Fort Erie hospitals, like Leamington, like Strathroy, all of which are in jeopardy as a result of these changes. We'd like to talk to you about the consolidation of services that's going to happen as services like birthing move from centres like Alliston into larger urban centres like Ottawa and other communities. As a result, there's an influx of patients into these communities and increased pressure on these hospitals to perform.

We have one of the most efficient hospital systems in Canada in terms of staff per patient, in terms of patient stays, in terms of average length of stays. By all the means that we measure, we have the most efficient hospital system in the province. But the province is being completely inflexible with respect to the pressures on those hospitals in terms of the aging population, the growing population and the acuity of illness presenting at these hospitals at this time.

We would like to encourage the government to honour its commitment around the funding that was announced for next year. We'd ask the government to reconsider its

inflexibility with respect to hospital deficits. We think it's an unfair policy. We'd like to ask you to shelve now, in light of the Auditor General's report, the private-public partnership, or however you want to term it, the designated policy with respect to the construction of hospital infrastructure. We put that all very respectfully. Thank you.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning goes to the NDP.

**Mr. Michael Prue:** Thank you so much. There's so much to do here. I'm going to try to be as fast as I can. The P3 hospitals: The auditor has absolutely said what a fiasco that has been. What would you recommend to the government in this budget? That they get out of the remaining contracts in places like North Bay, Ottawa, Sarnia, Sault Ste. Marie, or that they simply stop P3s in the future?

**Mr. Michael Hurley:** I don't think there's any question that P3s are not affordable. The cost overruns already on five projects we've cited are over \$1 billion and the total cost of hospital deficits is \$300 million. We're getting smaller hospitals, according to the Auditor General. There are huge overruns. There are huge delays. There's no risk transfer. So we would respectfully suggest that the P3 policy should be terminated. We'd also ask that the documents relevant to these P3 projects be made open and transparent. Our union and several others had to go to court. We spent almost a quarter of a million dollars to force disclosure of the Brampton P3 documentation, which subsequently can be looked at by the Auditor General. There's a complete lack of transparency with all of these contracts.

**Mr. Michael Prue:** I'm particularly worried about job losses. You list here job losses that will evaporate in communities across Ontario: 157 in Kingston, and I was just there this week; 220 in Scarborough-Ajax, we have the member here who represents that; we have 400 in Hamilton, and we have a member who represents Hamilton; 100 in Cornwall, and we have the member who represents Cornwall. Is there any way that we don't have to face these job losses? Is it just a matter of the government putting more money in the budget?

**Mr. Michael Hurley:** There has been quite an extensive amount of money spent on restructuring projects that have failed. There's one under way here in the eastern Ontario region, the eastern Ontario laboratory program, which is likely going to lose money and result in hospitals having to subsidize a laboratory service when, according to the government's theory, back office reorganization is supposed to work the other way; savings are supposed to flow to patient care. There's the P3 side of the equation.

I don't know what to tell you, though. The hospitals are being funded under the rate of inflation, and yet they're processing more and more patients. They're the most efficient system in Ontario and the demands on them are enormous. These cuts that are happening—for example, 220 in Scarborough, or 400 that have been announced in Hamilton. We were told, when those cuts

were announced, that they will result in better patient care. I have to tell you, that's like the emperor has no clothes. That's absolute bafflelegab and the public is being hoodwinked.

**Mr. Michael Prue:** You've got something down here about how hospitals like St. Joseph's in Hamilton and Hamilton Health Sciences are contracting out cleaning services. I can't imagine a more unhealthy thing to do than that. They say it's going to save money, but as you've correctly written, hospitals around the world are banning that process in favour of in-house staff who are properly trained and have some commitment to their jobs. What do you recommend that the government do here?

**Mr. Michael Hurley:** The fourth leading cause of death in Canada is hospital-acquired infections, sadly and ironically. We're losing 4,000 people in Ontario every year to these HAIs; 80,000 people contract them in the hospital. We've had ongoing cuts to the numbers of cleaners and infection-control specialists. We've had some contracting-out of cleaning, which the Royal College of Nursing has said is a dangerous and unsafe practice.

We have occupancy rates—because of the efficiency, we have more and more patients going through the hospital, pressed more and more tightly together in congestion. As a result, they spread these diseases. So we have to do something about occupancy. Other jurisdictions, like Britain, with an 85% occupancy, have brought MRSA deaths down by 30%. The Netherlands, at 65%, has a much, much lower death rate due to hospital-acquired infection.

The contracting-out of cleaning, which has been denounced as dangerous and unsafe in other jurisdictions, should be brought to an end. There need to be more cleaners, and patients need to be provided with more space in these facilities. This whole idea that just by washing our hands will we deal with this problem is another case of trying to perpetrate a naïveté on the population of Ontario. It's not that simple.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Michael Hurley:** Thank you very much.

#### CANADIAN UNION OF PUBLIC EMPLOYEES, LOCAL 2204

**The Chair (Mr. Pat Hoy):** Now I call on the Canadian Union of Public Employees, Local 2204, childcare, to come forward, please. Good morning. You have 10 minutes for your presentation. The questioning will come from the government in this round. I'd just ask you to identify yourself for Hansard.

**Ms. Shellie Bird:** Thank you for this opportunity to present. My name is Shellie Bird. I'm the union education officer for CUPE Local 2204.

Local 2204 is aware that we present today in the face of a global economic crisis. We know that the province is signalling to citizens and to the health, education, muni-



cial and community sectors for restraint. We're here to say that we can't accept this. Now is not the time to slow investments in social infrastructure. In fact, now is the time to increase investments. In a recent open letter to the federal government, 88 leading economists and academics called for the government to respond to the crisis through sustained and enhanced investments in public programs and services, stating that to cut or reduce public spending will in fact worsen the economic downturn and the job losses.

From the moment the foundation of a new child care centre is laid, it generates ongoing economic activity in the community. It creates jobs, supports parents to work and study and, as importantly, it supports children's development. When done well, early learning and child care is a very sustainable form of local economic development and builds strong economies in municipalities across the province and subsequently in the province of Ontario.

There is ample evidence to support the claim that high-quality early learning and child care has benefits for children, their families and society. Decades of research show that caring and nurturing educational environments support children to meet their full potential for school readiness and later-life outcomes. Fraser Mustard and Margaret McCain confirm this, and this informs the province's Best Start plan.

In 2005, the Minister of Children and Youth Services appointed the expert panel on quality and human resources in the child care sector. It was to consult and report back to government on the need for investments in the workforce. It confirmed that children's experiences during their early years have the greatest impact of any time during the life cycle on learning behaviour and health, and that the single most critical factor affecting quality is the knowledge, skills and stability of the child care workforce.

The Child Care Human Resources Sector Council also identifies that staff are a vital component of quality and that the key to quality early childhood education lies in providing sufficient funding to provide adequate wages and benefits to staff. In order to develop a quality, affordable system, low wages must be addressed and planned for in a coordinated way, yet the important work our members do every day in caring for young children continues to be largely ignored. Your community partners, our union representatives and municipal governments have met numerous times with MPPs, the minister and the Premier to raise concern about the brewing crisis in our system. The inequity in the provincial-municipal cost-share arrangement, the cap on wage subsidy, unfunded pay equity and increased costs to deliver services have put incredible strains on local child care program budgets. With staff salaries and benefits making up 85% of the child care centre budget, it is precisely here that the employers are forced to contain costs. Our members' standard of living has declined and for the greater good of the programs has been flatlined for the past 13 years.

## 1150

In the past 13 years, our members have received a 9% wage increase, while our comparators have received over 30% in the same period. Our centres have historically paid higher wages and, as a result, staff turnover was low. The average length of employment in our centres is 10 to 15 years. The benefit of this is the continuity of relationships between staff and children and between staff and parents. The informed practice and seasoned experience of senior staff supports quality care for all children.

When child care staff are employed in centres where wages are low, there's a lot of job-hopping. Staff looking for better-paying work jump from job to job and so don't have the time to develop a commitment to the centre and strong relationships with the children or the families. They don't have time to reflect on the strengths and weaknesses of their practice with children or their work with their colleagues. The Child Care Human Resources Sector Council found that the key to quality early learning and child care lies in providing sufficient funding to pay adequate wages and benefits to staff.

The province's own expert panel on quality and human resources recommends investing in early learning and child care as the most economically efficient investment society can make. It reiterates that the province's commitment to invest in early learning is to support all of Ontario's children to reach their potential, and by this, strengthening communities that help Ontario reap the social and economic benefits of investing in young children.

Research shows that for every dollar spent, there is a \$2 to \$17 return. Child care is pivotal for keeping families out of poverty and allows mothers of young children to work. Quebec has seen a 50% reduction in poverty since investing in its universal child care program. I want to say that Quebec invested in its program at a time of economic downturn in the early 1990s. Money is not an excuse for not investing.

While investing in early learning and child care is first and foremost about investing in our children's well-being, health and happiness, it also ensures that Ontario remains competitive with other modern economies now and in the future. But unless the province acts aggressively in the 2009 budget on early learning and care investments, our future prosperity will be squandered.

A recent UNICEF report damns Canada's record on its investments in children and in early learning and child care. Canada and its provinces, including Ontario, rank at the bottom of industrialized nations on the UNICEF benchmarks for ensuring children get the best start in life. The Organisation for Economic Co-operation and Development identified Canada and its provinces as laggards in investing in young children and early learning and child care.

Child care workers need immediate action to stem the exodus of workers leaving the field for better-paying jobs. We need investments that will stop the erosion in quality. We need investments that make early learning

and child care accessible and affordable to parents. We will be looking for investments in the 2009 budget that will focus on addressing funding gaps in the municipal-provincial cost share, full costs of spaces, funding for pay equity, wage enhancement grants, and provide inflationary cost-of-living increases.

We want the province in particular to address the 80% share of the provincial-municipal cost share. Here in Ottawa, we just went through a municipal budget and have pushed off a cut to 700 subsidized child care spaces in this city alone. We know that cities across this province are facing similar cuts over the coming municipal budget processes because of incredible underfunding of your municipal partners.

Thank you.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning will go to Mr. Lalonde. I'm advised that he'll be asking the question in French. We're using channel 3.

**M. Jean-Marc Lalonde:** Merci de votre présence ce matin. Vous touchez à un point qui est très, très important et je crois que durant la préparation ou la consultation pour le prochain budget, ce sont des choses que nous voulons entendre du public : les besoins de notre jeunesse, de nos enfants.

Vous avez sans doute eu la chance de regarder le rapport qui était présenté par la ministre Deb Matthews sur la pauvreté. Nous savons que d'ici les prochains cinq ans nous voulons réduire la pauvreté chez les enfants de 25 %. Est-ce que vous êtes d'accord à ce que le début de regarder le secteur de la pauvreté est bel et bien le secteur de la jeunesse, des enfants?

**Ms. Shellie Bird:** I think that there was not enough in the announcement by the minister. We're not happy with the announcement from the minister. We do not believe that slowing investments in poverty reduction or in child care is going to benefit families today, and we are not going to benefit Ontario into the future by slowing the investments that are critical for health and social services.

**M. Jean-Marc Lalonde:** C'est ce que nous entendons dans le moment. Dans le moment, les gens nous disent, « Il a fallu peut-être regarder aussi ailleurs que seulement chez les enfants ». Mais je crois que c'est un début. C'est l'endroit qu'il faut regarder parce que les enfants, c'est notre avenir. C'est comme construire une maison : si la fondation n'est pas bien construite, tout va s'écrouler. Puis dans le moment, c'est pour cela que nous regardons chez les jeunes enfants ou dans le secteur des garderies. C'est un point.

Mais vous avez touché à un bon point. Au Québec, oui, nous avons des garderies dont le coût est de 7 \$ par jour. Mais il faut dire qu'au Québec les gens, les travailleurs, la force ouvrière au Québec doit payer 4 000 \$ à 5 000 \$ de plus par année d'impôts pour payer tous ces services additionnels. Donc, ici, pour arriver à des garderies de 7 \$ par jour, ça voudrait dire qu'il faudrait augmenter l'impôt foncier et l'impôt personnel des gens, et notre premier ministre dit toujours qu'il ne faut pas procéder avec les augmentations d'impôt. Donc c'est pour ça qu'il y a une grosse différence au Québec,

et puis aussi que nous, nous payons une bonne partie de cet argent qui est vraiment un déficit de l'administration des garderies au Québec.

**Ms. Shellie Bird:** If I can respond, I do believe that when you invest in child care, you're actually investing in families. You're allowing people to go to work; you're allowing parents to train for the workforce. Investments in child care are investments in families and they're investments in people's ability to work and study. So it's a smart investment to invest in children.

In the case of Ottawa and what we went through just in this last municipal budget process when they were going to cut 700 subsidized child care spaces and undermine our city's ability to work with low-income families—that's what municipalities are being forced to do because of funding shortfalls—we did a costing of that and what it would mean to the average resident of Ottawa. It was 48 cents a month to save 700 child care spaces. I can tell you, when you talk to people about whether they want their taxes raised, they might say no, but when you talk to people about whether they are prepared to pay 48 cents a month for a subsidized child care space, they would say yes. So it's time our government started asking the right questions and not simply, "Do you want a tax cut?"

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

We are recessed until 1 o'clock.

*The committee recessed from 1200 to 1300.*

## OTTAWA FEDERATION OF PARENT DAY CARES

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will come to order for our afternoon session. Our first submission will come from the Ottawa Federation of Parent Day Cares, if you would come forward, please.

Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. In this case, it will come from the official opposition. I would just ask you to state your name for the purposes of our recording Hansard.

**Ms. Susan Mendelsohn:** Susan Mendelsohn.

**Ms. Jackie Dwyer:** Jackie Dwyer.

**The Chair (Mr. Pat Hoy):** You can begin.

**Ms. Susan Mendelsohn:** Okay. Thank you very much for this opportunity to present. As I just said, my name is Susan Mendelsohn and I'm here today representing the Ottawa Federation of Parent Day Cares. Our federation was incorporated in 1985 to promote the development of high-quality, non-profit early learning and child care. We currently represent nine child care programs here in Ottawa that serve 655 children and their families.

Our federation believes that public and non-profit programs are the most effective way to ensure high-quality early learning and child care that is focused on the developmental needs of young children and that allow families to work or to study.



Parents in our centres have a very central role in all the decisions that affect the care their children receive. The needs of our families, our communities and our staff are at the core of all that we do. But the quality of our programs and the sustainability of our centres are under threat as a result of chronic and ongoing provincial funding shortfalls. We're struggling and we're here today to ask for help in the 2009 provincial budget.

When the Harris government was in power it cut \$160 million from the provincial child care budget. They capped the wage subsidy and wage enhancement grant, stopped funding for pay equity, stopped providing inflationary increases to regulated child care, and downloaded administrative and delivery costs to our cities. When that happened, we had to significantly tighten our belts. We cut our own budgets in areas that were least likely to affect the quality of service that our children received. This meant cutting all the extras, including special events and field trips for the children, professional development for our staff, cost-of-living increases, and also reducing spending on equipment and maintenance. We survived and kept our doors open, but we were not able to increase the quality of our services or to respond to the ever-growing needs of parents in our communities.

For a time, our city government was able to help plug the holes in our budget by providing municipal dollars to cover uncontrollable and rising costs, such as heat, hydro, rent, health and insurance benefits, food for our children and, in some years, a small, below-inflationary-level increase for our staff wages.

We got through those very difficult years thanks to the help of the city of Ottawa. Without their contribution of what has amounted to \$4 million in unmatched funding, many of our high-quality programs would have had to close. We were, therefore, very excited and very hopeful when the Liberal government took office on the promise of Best Start and \$300 million in new funding for child care.

The goal of Best Start is to build an early learning and child care system that offers quality, universal, accessible and developmentally focused child care. The vision of a comprehensive and integrated system that includes parents, community services, health, education and our city in collaborative planning was like music to our ears.

We hailed the move from the invasive means test to the income test, and we looked forward with anticipation to the reports from the provincially appointed Best Start expert panels on curriculum, quality, and human resources, and also looked forward to the promised expansion of 25,000 child care spaces, knowing that there was a great need for these. But to be very frank, nothing has changed for our centres since that time. We still struggle, barely keeping our heads above water. After five years of Best Start, "early childhood and care services ... remain a patchwork of stand-alone, vulnerable service providers." I'm quoting here directly from the 2000 Early Years report by Mustard and McCain, but we can attest to the truth of these findings through our own direct experience.

The crisis in regulated child care that was created under the Harris government persists and continues to grow. Our city has faced year-over-year budget shortfalls and has tabled cuts to child care for three years in a row. This year saw 700 subsidized child care spaces on the chopping block.

We're falling behind, and the quality of our services is being eroded. The \$160 million cut from the provincial budget, the cap on the wage enhancement grant, lack of funding for pay equity and downloading to municipalities—these issues have not been addressed yet.

The province's allocated funding of \$7,500 annually per child is simply unrealistic. Our centres have done the math, and if we were to try to provide a program on \$7,500 a year, our staff would actually be earning \$7.90 an hour, which is less than the average minimum wage. The real cost of a child care space in one of our non-profit centres is not \$7,500. It ranges from just over \$10,000 for a preschooler to \$18,000 for an infant.

Although the province has conferred professional status on our employees through the Ontario College of Early Childhood Educators, it has failed to acknowledge our staff as professionals through the pay that they take home. The province has not provided a cost-of-living increase to our centres in over 13 years. We have managed a 9% wage increase over that time with the help of our city, whereas our counterparts and comparators in the public sector have actually received over 30% in wage increases in that same period. It's unconscionable that our employees have been so neglected by a government that claims to understand and value the importance of the work that they do.

While the province talks about the benefits of high-quality early learning and child care, and while the expert panels have made clear recommendations about how to achieve a high-quality system, on the ground across the province we're seeing high-quality centres, the ones that are able to employ a trained, skilled, knowledgeable, fairly compensated and stable workforce, close their doors. As that happens, we can only expect to see further growth and development in the corporate child care sector. We've used every previous opportunity to raise our concern about the threat that corporate child care poses to the Best Start vision. Community planning is undermined when early learning and child care are viewed as a market commodity with profit-making as the central mission. In fact, this has been the experience in other countries such as Australia when it announced a national child care program and opened funding to the for-profit sector. In just a few years, Australia went from having 95% of its child care delivered through the non-profit sector to just 30%; 70% of their child care is now provided through corporations, with one giant corporation controlling a quarter of all the child care spaces in that country. Australia no longer has a child care system that's part of their community, integrated with existing services and aimed at supporting children and families. It has a child care industry aimed at making a profit. We do not want to see the same thing happening in Ontario.

The economic crisis that we face now must not deter the province from investing in Best Start. Leading economists are calling on government to increase investments in social infrastructure. We know from economic research that investments in early learning and child care are good for the economy. They allow parents to work, to study and to contribute to the economy in a productive way. They keep families out of poverty. They support women's participation in the workforce, and prepare children to enter school and prepare them for success in later life. We're asking the province to honour its stated commitment to Best Start and to our children.

We're offering the following recommendations:

(1) Commit the \$300 million promised at the time of election to address the funding gaps in the not-for-profit sector and the provincial-municipal cost share.

(2) Resume provincial funding for pay equity, and fully fund the wage enhancement grant for all non-profits.

(3) Implement the expert panel recommendation to develop a streamlined funding model for regulated child care.

(4) Support growth in the not-for-profit early learning and child care sector by providing capital funding and the use of public assets such as closed schools.

(5) Use full-day learning for four- and five-year-olds as the next step in building a truly comprehensive, integrated system of early learning and child care in the public and not-for-profit sector for all children from birth to 12.

Thank you very much.

1310

**The Chair (Mr. Pat Hoy):** Thank you. I noted you had that pretty well memorized. Now we'll go to the official opposition for the questioning.

**Mr. John Yakubuski:** Thank you very much, Susan and Jackie, for joining us today. You made a statement that leading economists are calling on governments to increase public investment in social infrastructure. These are just some of the difficulties at budget times. We also have leading economists who are telling us that government has to cut the tax burden on businesses, or they're going to disappear from Ontario. How do you deal with those balancing acts at a time like this? What do you recommend we should be doing? If those businesses are out of business, they're not paying the taxes that fund tax-funded programs.

**Ms. Jackie Dwyer:** We don't want child care and other social services to be lost in all of this. I know that there are other programs that need support as well, but if we don't provide supports to working families, then how can those families work?

**Mr. John Yakubuski:** What about the federal government, which was elected on a platform of choice, giving people the choice on a tax credit? You don't support that, or you feel that it's not—

**Ms. Jackie Dwyer:** We don't support that at all. We support actually supporting the services that provide—because credits to parents will not build child care

spaces, and the credits that parents receive for child care through the federal program do not come anywhere near to providing the cost that is actually required for child care for families.

**Mr. John Yakubuski:** What about families that choose to raise their children at home? I'm looking at the suggested numbers of \$18,000 a year. I come from a rural area, and I can assure you that there are people with two toddlers at home with a family income of \$30,000 or less—two parents, two children. How would we explain to them that we need \$18,000 a year in child care for one toddler?

**Ms. Jackie Dwyer:** First of all, \$18,000 a year is for an infant program, or a combined infant-toddler program. That's the cost in our community child care centres. I'm not saying that every child care centre across the province has the same costs. Not every parent is going to require child care, but we know from the research that many parents do require child care, and probably 90% of those parents who do require child care are not getting it in the regulated sector, although that is the preference for many parents. We have hundreds and hundreds of names on our waiting lists of people waiting for child care who can't access it, not because they can't pay, but because there are not enough spaces.

**Mr. John Yakubuski:** So the issue is the access to spaces as well.

**Ms. Jackie Dwyer:** It's the access to spaces. It's also subsidies for parents who require subsidies. It's building spaces, creating spaces.

**Mr. John Yakubuski:** What about increasing supports for people who do choose to raise their children at home?

**Ms. Jackie Dwyer:** I don't personally agree with providing supports in lieu of getting child care, if that's what's you're talking about.

**Mr. John Yakubuski:** Some people would choose to have a working parent and one parent who stays home and raises the children. Should we be increasing the support for those families who have made that choice?

**Ms. Susan Mendelsohn:** I'm not sure where the accountability would be in that, frankly, because what are you providing their funding for and what are they going to be doing with it?

**Mr. John Yakubuski:** Well, you're saying that you need \$18,000 a year of public subsidies to provide a publicly funded, fully funded, fully subsidized daycare space.

**Ms. Susan Mendelsohn:** I don't think we're saying we need \$18,000. I think we're saying that's the actual cost. Some of that is coming from the province; some of it, right now, is coming from our city; some of it is coming from the parents who use the service. We're just pointing out that the real cost and the cost that the province so far has put toward that—there is a big disconnect between them.

**Mr. John Yakubuski:** It's \$7,500.

**Ms. Jackie Dwyer:** Exactly.

**Ms. Susan Mendelsohn:** Exactly.



**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Ms. Susan Mendelsohn:** Thank you.

### ENVIROCENTRE

**The Chair (Mr. Pat Hoy):** And now we'll hear from EnviroCentre, if you'd come forward, please.

Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning from the NDP, in this case. I would just ask you to identify yourself for the purposes of our recording Hansard.

**Dr. Dana Silk:** Thank you, Mr. Chair. My name is Dana Silk. I'm the general manager of EnviroCentre. We're a non-profit organization, the city of Ottawa's official partner for delivering energy efficiency services. We've been doing that in eastern Ontario for the last 10 years now. In the last couple of years, we've worked notably with the Ontario Power Authority and Hydro One on a couple of contracts under which we provided about \$1,500 on average of upgrades to low-income families living in single-family, electrically heated homes. Unlike a lot of other programs like this, we show actual results. This is an online hydro bill from a family who two or three winters ago was paying up to \$600 a month to heat their home. We have, with \$2,000 of cost-effective upgrades, generated actual savings—not modelled or projected, but actual savings—of over 7,000 kilowatts a year, which results in about \$1,000 per year. So in terms of cost-effectiveness, it's highly cost-effective—a payback of less than two years.

We've also been helping churches, mosques and businesses adapt to time-of-use power rates. We're hoping that they will be introduced soon. We've been helping social housing communities with time-of-use electric thermal storage heaters. We've been helping over 500 Ontario Works households invest; we've been providing about \$150 worth of energy conservation devices. We are asking that the province—we have been doing this in co-operation with the province—extend that program to make ODSP recipients also eligible for this same kind of service.

If you'll notice, because we focus a lot on electrically heated homes with electric hot water, this is the average electricity consumption for many of the homes that we deal with. You will see that lighting accounts for a very, very small proportion. So I would urge you not to put anything in the budget to help people do this, because as Phil McNeely, our local MPP, points out, we're beyond the days of doing this. It's low-hanging fruit. We don't need to do that any more, and we certainly don't need to promote lighting because it's not going to have that much impact.

We're just wrapping up a program that's been funded by Enbridge. Enbridge has been directed by the Ontario Energy Board to help; I think 14% of its demand-side management programs must be allocated to low-income households. This is a before-and-after shot. This is a

postwar home. We've helped 150 postwar homes save about \$500 a year. Thanks to about \$2,000 worth of upgrades, we have brought these 50-year-old homes up to current Ontario building code standards, which actually aren't nearly as good as they should be, but I'll get to that in a minute.

You might recognize one of the women in this upgraded basement. One of these women said: "Green infrastructure upgrades are very cost-effective and provide good jobs in communities around the province. We need them in as many social housing units as possible."

1320

So, who was that? I think many of you might know Madeleine Meilleur. She's a good advocate for the kinds of things that we are trying to do.

EnviroCentre is also one of the leading delivery agents for the ecoEnergy Ontario home energy audit programs. We've delivered almost 10,000 now. What do they actually do? Most people are investing in draft sealing, furnaces and, of course, a lot of insulation work. What do they actually invest? I would urge you to look at the numbers down at the bottom. At least 61% of our clients have invested at least \$3,000 in energy efficiency upgrades.

In our experience over the last 10 years, we've been helping a lot of, notably, low-income, but also middle- and upper-income households invest in energy efficiency. When you add it all up, it comes to about \$28 million of energy efficiency investments that we have actually either done ourselves—we've done about \$1 million, and we have encouraged and generated almost \$27 million in addition to what we have done directly.

Why is that important? If you were to look at some of the recent studies coming out of the United States—this one, for example—their number one recommendation is a building retrofit program. They're also talking about public transit and rail. They're talking about smart grids and renewable energy, because according to the US experts, green investment creates nearly four times more jobs than spending on oil—and one might read into that, perhaps, spending on nuclear or spending on failing car industries. They're calling for a \$100-billion investment in the US. That would be roughly equivalent to a \$3-billion investment in Ontario. That would create about two million US jobs; in Ontario, about 65,000. It's a good start.

Here's a more recent study from the University of California, which over the last 30 years has reduced its energy intensity by 40%. That's a significant achievement. You might realize or remember that California is on the cutting edge. They had blackouts many years before Ontario had blackouts. Over the last 30 years, these energy efficiency measures have enabled California households to invest and redirect their expenditures and have created about 1.5 million full-time-equivalent jobs. If that were translated into Ontario terms, had we been investing in energy efficiency over the last 30 years, how many jobs would have been created in Ontario? Any guesses? How about 450,000?

**Mr. Tim Hudak:** I was going to guess that.

**Dr. Dana Silk:** Oh, you were? Good.

What we're urging you to do is to stop subsidizing capital-intensive energy consumption in Ontario. We need to invest in labour-intensive jobs in low-carbon economies.

Look at these numbers here. In Ontario, our energy consumption per capita is about 8,300 kilograms of oil equivalent per person, compared to Denmark with less than half. In Ontario, we're consuming almost three times as much electricity per capita as they are in Denmark. And why are we doing that? Because it's so underpriced. We are still subsidizing electricity in Ontario. We shouldn't be doing that. It's bad for the economy; it's bad for jobs.

So we're urging the finance committee to recommend to the Legislature, the government, to retrofit all social housing units, starting with those that we, the province, are paying for in heat—very quick paybacks.

We're urging you to support Bill 101, which is the Home Energy Rating Act. It's revenue-neutral, but it's going to help drive energy efficiency.

We're urging you to invest in plans for home and commercial energy efficiency upgrades. The PST that the province would get on these investments would more than pay for the plans—again, revenue-neutral.

We're urging you to update the Ontario home energy savings program to include electricity and exclude furnaces. There's no need to subsidize people who are going to put in high-efficiency furnaces anyway. That would be revenue-positive; we would be saving about \$500 in the province per home.

Here's a good one: We need to install Ontario-made—the keyword here—energy-efficient appliances in all low-income homes. We need to develop the manufacturing capacity for energy-efficient appliances in Ontario.

We need to update the Ontario building code. That would be revenue-positive, and that would create jobs in Ontario, because the Ontario building code is basically exporting jobs to northern Alberta. If that's what you want to do, that's your decision.

We need to prescribe smart growth, not suburbs—saving on the transport budget.

We need to update the Ontario Municipal Board. When I say "update," you might read into that. There are some other things that might need to happen with the Ontario Municipal Board. It is not promoting the kind of energy efficiency and sustainable development this province needs.

We need to invest in public transit, not private cars. Granted, the paybacks are a bit longer there.

We need to update the OPA, which is struggling to provide the kind of energy-efficiency services that this province needs.

We need to implement time-of-use rates really soon. Again, the Ontario Energy Board is struggling to deal with contemporary issues and it needs to get updated.

We need to implement conservator rates for electricity and natural gas. We're still subsidizing. The more gas

you consume, the less you pay. We've made some progress on electricity, but not enough.

We need to exempt low-income households from fixed charges, including the debt retirement charge, which is an unfair burden on low-income households. That would cost maybe about \$75 million.

We need to update the Energy Efficiency Act, and we need to use the Energy Conservation Leadership Act for more than just clotheslines. Unfortunately, the only regulation that has been implemented under that act has been to harmonize bylaws dealing with clotheslines. I would suggest that we could be much more aggressive and ambitious.

Finally, we need to establish an Efficiency Ontario organization, which would have pretty good paybacks. What is that, you might ask? Efficiency Vermont was established eight years ago. It's a state-wide organization that provides energy efficiency services, technical assistance and financial assistance for households and businesses. It's helping to drive the energy efficiency market and employment in Vermont. You may say, "Well, that's an American example." How about this: Efficiency New Brunswick has been around now for about three or four years and they are doing the same thing. They're offering practical solutions to help New Brunswick businesses, home owners and industry invest in energy efficiency. With relatively few examples, that is currently not happening in Ontario, and that's what we need.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning goes to the NDP's Mr. Prue.

**Mr. Michael Prue:** Thank you very much for your deputation here. You've made a couple of suggestions. I'm just wondering how serious you are about reforming the Ontario Municipal Board. Personally, I think it probably should be abolished. We're the only province that still has a municipal board. Why do you think changing it is better than abolishing it?

**Dr. Dana Silk:** If you want to abolish it, I would certainly not object.

**Mr. Michael Prue:** All right. You talked about the Ontario Power Authority. There are some who are suggesting that its semi-privatization and being broken down into component parts has actually hurt more than it has helped. Should we be rebuilding it back to the way it existed pre-Harris?

**Dr. Dana Silk:** No. We should be investing in an organization like Efficiency Ontario that could provide practical solutions and really start to move Ontario toward a culture of conservation. Unfortunately, the old models have not worked terribly well and the OPA is struggling. It has not been able to implement the programs for which it has the authority to do so. There have been problems with its links with the local distribution companies. There are big issues there. It's very difficult to do this kind of thing from a centralized organization based, practically, on Bay Street in Toronto.

**Mr. Michael Prue:** You talked about retrofits and upgrades. We've had a great many deputations talking



about doing that for the MUSH sector, municipalities, universities, schools and hospitals, as well as the province. Your deputation was in terms of having individuals, home owners and the like, do it. Should we be doing a combination of the two or should the government be making its push on the larger projects within the MUSH sector of the provincial sector?

**Dr. Dana Silk:** I would say all of the above.

**Mr. Michael Prue:** All of the above?

**Dr. Dana Silk:** Yes.

**Mr. Michael Prue:** In terms of home owners, that would likely have to come in the form of either grants or tax incentives, as opposed to direct spending.

**Dr. Dana Silk:** There's no need to give home owners who are about to invest in a high-efficiency furnace—91% do so anyway—a grant to make what is already a very cost-effective investment. There is no need for public funding to make cost-effective investments, to reward people for doing what they should be doing anyway. Mid-efficiency furnaces for new homes have been ruled off the market by the Ontario building code. A regulation should be passed under the Energy Efficiency Act to rule them off the market for existing homes. But the main point is, they are very, very cost-effective and there is no need to subsidize cost-effective investments.

1330

**Mr. Michael Prue:** I take it, then, that would involve high window—

**Dr. Dana Silk:** Windows are not cost-effective investments, no.

**Mr. Michael Prue:** They're not?

**Dr. Dana Silk:** No, they're not.

**Mr. Michael Prue:** How about—I'm just trying to figure out all the things that you think are cost-effective.

**Dr. Dana Silk:** Insulation, air sealing, all the things that don't get a lot of press, that aren't very visible. But certainly insulation, one of the most cost-effective things that you can do; air sealing. That's why the US study highly recommended the building upgrade program, especially for public facilities, including social housing, for which the province—we—are paying the heating and cooling bills. It makes no sense whatsoever not to invest in these buildings first. These investments would create good jobs in every community across the province. They would be ongoing jobs, very good jobs.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Dr. Dana Silk:** Thank you.

## ODSP ACTION COALITION

**The Chair (Mr. Pat Hoy):** Now I call on the ODSP Action Coalition to come forward, please. Good afternoon. You have 10 minutes for your presentation. There may be up to five minutes of questioning coming from the government in this round. I'd just ask you to identify yourself for our recording Hansard. You can begin.

**Ms. Terrie Meehan:** Hi. My name's Terrie Meehan. As an introduction, this month the world celebrated the

60th anniversary of the proclamation of the Universal Declaration of Human Rights. As this committee considers the 2009 Ontario budget, we ask that you be guided by those principles that we all respect, particularly articles 25 and 27, which are relevant to our coalition's recommendations.

Just in case you folks haven't read them recently, we have them here. Article 25(1): "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control."

Article 27 states in part (1), "Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits."

On to our recommendations. The ODSP Action Coalition is made up of ODSP recipients, community agencies, disability groups, mental health service providers and community legal clinics across the province. We work to enhance the human rights and dignity of people with disabilities by seeking improvements to the Ontario disability support program's rules, policies and levels of income.

The ODSP Action Coalition calls on the Ontario government to:

(1) Increase social assistance rates to reflect average market rents, as determined by the Canada Mortgage and Housing Corp.; average utility costs; average cost of a nutritious food basket, as determined by municipal boards of health; and money for all other basic needs such as medical and accessibility needs, transportation and telephone.

(2) Index Ontario Works and Ontario disability support program rates to inflation.

(3) Create a social assistance rate board that would include people on OW and ODSP and anti-poverty and disability groups to recommend rational and just criteria for determining OW and ODSP rates.

(4) Let ODSP recipients who are able to work keep at least enough of their work income to get to the poverty line before their earnings are clawed back.

The current provincial government has provided small increases roughly equal to the cost of living—2% or 3%—in four out of the last five years. But these raises come after more than a decade of no increases at all to ODSP. The situation is even worse for people on OW, where rates were cut by 22% in 1995 and then frozen. So even with the recent increases, the real incomes of people on OW and ODSP have declined greatly when inflation is taken into account. The value of ODSP benefits for a single person dropped by 18.2% from 1992 to 2005. The value of OW benefits for a single person dropped by 34% during the same period.

However, percentages and statistics are not what count for people. What matters is whether they have enough money each month to cover their needs. Even with the

most recent 2% increase to ODSP rates, people with disabilities still have problems paying their rent and trying to eat nutritiously. They still have to worry about whether they can afford a bus ticket to go visit a friend. The isolation and mental stress of having a disability and being poor continues to negatively affect their health.

Similarly, since the last increase to OW rates, parents on OW still have to go hungry to feed their kids Kraft Dinner, they still have to shop at food banks, and they still worry every month about whether they will be able to pay their rent and all their bills.

Single people on ODSP get a maximum of \$454 for shelter, far below the average cost of a bachelor apartment or a one-bedroom unit across the province. A bachelor is \$677 on average in the province, and a one-bedroom is \$812 across the province. Rent costs in Toronto, where half of the people on ODSP live, are \$752 for a bachelor and \$919 for a one-bedroom unit.

Also, the 2009 budget must take real action on poverty reduction. The poverty reduction strategy that was announced on December 4 is a foundation that we can all build on to reduce poverty. However, it does have serious omissions, such as the lack of any measures to assist adults with disabilities. If the strategy actually is going to make progress towards meeting any of its targets, it needs significant resources in this budget.

People with disabilities experience higher rates of poverty than the general population. We understand that the initial focus of this strategy will be on families and children. However, if the government is going to be successful in reducing poverty, the strategy will need to reduce poverty for everyone, including people with disabilities.

We have been working for years to get improvements to the Ontario disability support program, which many people with disabilities struggle to live on, so we are pleased to see that a review of social assistance will be part of the strategy. We would like to see a review focus, not only on supporting people to move from OW or ODSP into the workforce, but also on how to make this program easier to access and more responsive to the individual needs of people with disabilities. It's crucial that people with disabilities find work that pays well enough to live on and fits their skills and abilities. It's also crucial that people with disabilities who are not in the workforce aren't left out of the strategy.

We want to be actively involved in this review and bring a lot of experience to the table. Many of our members are on ODSP and have lived experiences of the many barriers in the current system. Our coalition has also done a lot of work in developing recommendations for how to restructure social assistance so that people with disabilities can live with respect and dignity.

The current disability program has many punitive and counterproductive rules that hinder rather than help people. I believe we're now calling them "stupid rules" all over the province.

The government announced changes to three rules, and we hope that these small steps will lead to more significant reforms that will help people with disabilities

escape poverty. From this strategy, we want to see social assistance transformed so that the focus is on reducing poverty and supporting people, whether they are working or not.

ODSP rates are not adequate to meet people's needs, let alone accommodate the additional costs of their disabilities. We are pleased that the government has indicated that it will be improving people's incomes as part of the strategy. We would like to see this happen early on. The increases need to be significant and extend not only to families and children, but also to singles and couples.

In conclusion, the ODSP Action Coalition will be looking for a significant financial commitment in the upcoming provincial budget to back up the commitments made in this strategy to reduce poverty. Not only will increasing incomes help people who are struggling, but it will also pump much-needed money into the local economy. Low-income people would spend that money for basic necessities, thus helping businesses in their communities. Taking real action on poverty for all in need, both adults and children, makes sense financially and from a human rights perspective. Thank you.

1340

**The Chair (Mr. Pat Hoy):** And thank you. Questioning goes to the government. Mr. Arthurs.

**Mr. Wayne Arthurs:** Thank you, Mr. Chairman. Ms. Meehan, thank you so much for being here this afternoon. We appreciate you taking the time.

**Ms. Terrie Meehan:** Thank you.

**Mr. Wayne Arthurs:** A couple of questions. I think they were maybe asked at an earlier point, at least in some way, during some of our earlier presentations that we've had to this committee. Those on ODSP—some individuals, with their families, will be able to move back into the workforce at some point and maybe stay there in a full-time capacity.

**Ms. Terrie Meehan:** We hope.

**Mr. Wayne Arthurs:** For others, they may find that moving into the workforce on a part-time basis is something they can do, but looking to full-time employment for the long term is not going to be viable for them. In some instances, people just won't be able to move back into the workforce.

For those who find themselves in a position to move back into the workforce, whether it be full-time, or part-time for an extended period, or something other than that, what would be the kind of primary supports that would make it easier for them or possible for them to do that, should they find themselves able to move into the workforce?

You've mentioned things like eliminating or reducing the clawbacks so people can get themselves out of poverty with their ODSP support plus their earnings as one of the strategies that should be looked at in a more substantive way. What are some of the other things, the priority things, that would help folks on ODSP in the workforce to get into or stay in the workforce?

**Ms. Terrie Meehan:** Take away the cuts to the employment supports program. It used to be—I've been



around way too long—that the VRS worker actually helped the person find meaningful work. Now the program—as I understand from people who have gone through it, the contracted-out provider has to keep you in whatever job they find for you for 14 weeks before they get paid. What business can survive on that?

There is a lot getting people into any job. Personally, I wouldn't be able to function in a call centre. I would be in too much pain. I wouldn't mind the being-on-the-phone part, but being able to sit there for a number of hours with prescribed breaks—I can't predict when I have to get up.

**Mr. Wayne Arthurs:** Okay.

**Ms. Terrie Meehan:** Just one example of the jobs that the contractors have to find for the people, to keep them functioning financially.

**Mr. Wayne Arthurs:** Are there any other specific supports that are beneficial in assisting individuals moving into the workplace? I'm thinking of simple things like transportation. Are there additional transportation supports that would make it more beneficial?

**Ms. Terrie Meehan:** Yes. Across the province, I'm hearing different transportation—well, actually, there are specifics, as far as I can think of, just from friends I know who have disabilities.

For example, a friend in Kingston does work at a call centre and is quite enjoying it. Because she's working during the day, she can't get her medication because the delivery is during the day. She has trouble with the access bus in Kingston, just being able to get it consistently to and from work. It's costing her twice as much. Because she's working, she's no longer given the disability bus pass. I know it's different silos.

She's having trouble getting to and from a grocery store to get nutritious meals. She has the money but getting to and from costs her more money. She's not home at the time Meals on Wheels delivers because she's not able to be there and keep her job. So just looking at one person, there are all these things.

Another friend you've already heard of, Angela in St. Catharines, probably gave you a whole laundry list of things and more adequately described them because she is working with a disability. Currently, I do things like this for fun.

**The Chair (Mr. Pat Hoy):** Thank you.

**Mr. Wayne Arthurs:** Thank you so much.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation.

**Ms. Terrie Meehan:** Thank you.

#### OTTAWA POVERTY REDUCTION NETWORK

#### RÉSEAU DE RÉDUCTION DE PAUVRETÉ D'OTTAWA

**The Chair (Mr. Pat Hoy):** Now I would ask the Ottawa Poverty Reduction Network to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of ques-

tioning, which will come from the official opposition in the next round. I'd just ask you to identify yourselves for the purposes of Hansard.

**Ms. Linda Lalonde:** My name is Linda Lalonde, and with me is Françoise Viau. We will be presenting in both languages, so you may want to get your translation devices ready. The trick is, when she starts to speak, it will be in French.

We're members of the steering committee of the Ottawa Poverty Reduction Network/Réseau de réduction de pauvreté d'Ottawa. Françoise is the president of Entraide budgétaire, one of our member agencies, and I am a community rep on the committee.

Thank you for this opportunity to speak with you about the 2009 provincial budget. We have structured our brief around the five questions posed by the minister. You have copies of the whole document, and we will be speaking to parts of it today.

The top priority: Your top priority needs to be the survival, growth and development of the economy and the residents of Ontario. Our hope is for a new consumerism that is responsible and sustainable both for individuals and governments. This means that you do not spend what you do not have, you only borrow when you have a reasonable expectation of repaying the loan in a manageable way, and you do not borrow long-term for consumable goods.

**M<sup>me</sup> Françoise Viau:** Nous avons besoin d'opportunité égale pour toutes les Ontariennes et Ontariens. Nous croyons que toutes les politiques du gouvernement, particulièrement celles touchant aux politiques économiques, doivent contribuer à égaliser les chances pour tous. À tous les niveaux, le gouvernement et la communauté doivent développer une vision commune et combattre l'individualisme qui sévit actuellement dans la société canadienne. Travaillons ensemble pour développer une meilleure société où la vision partagée par tous serait le bien-être de tous ses citoyens. Éliminons les barrières et les iniquités sociales et valorisons la contribution de chaque citoyenne et citoyen ontarien.

**Ms. Linda Lalonde:** We applaud the investments of the last year in areas such as social housing, child care, social assistance rates and the rent bank, among others. We also appreciate that you have started to follow through on your commitment to poverty reduction. We particularly acknowledge the work of Deb Matthews and the cabinet committee in this area. Poverty reduction has to be based not on income but on the right of the individual to have medicine, food, education, clothes, housing, recreation etc.

**M<sup>me</sup> Françoise Viau:** La stratégie de réduction de la pauvreté ontarienne doit donner l'espoir aux enfants et aux adolescentes et adolescents pour qu'ils puissent constater qu'il existe des possibilités qui les sortiront de la pauvreté. Le gouvernement de l'Ontario doit augmenter les programmes de soutien à tous ses citoyens : pour les jeunes, une éducation gratuite au primaire et au secondaire et des programmes culturels, de

loisirs et de services sociaux adaptés à leurs besoins; pour les parents et autres individus de la province recevant des prestations du gouvernement, un revenu adéquat qui permettrait d'avoir un logement soluble et de la nourriture pour les 30 ou 31 jours du mois, et qui répond à tous les autres besoins. Vu les difficultés financières précaires dans lesquelles se trouvent les gens recevant Ontario au travail, les revenus attribués sont inadéquats pour permettre à ces citoyens la possibilité de fournir leur plein potentiel.

**Ms. Linda Lalonde:** While there will be initial costs associated with reducing poverty, there will be accompanying savings. For example, families that are properly housed and fed will have less need to access the health system, and their children will have better success in school.

The AMO-Ontario-Toronto accord signed earlier this year "aims to achieve a vision that the province and Ontario municipalities share: an economically strong and competitive Ontario that offers a high quality of life to all of its residents." We share that vision but recognize that for all residents of Ontario to have equal access to a good quality of life, our society must invest heavily in improving the lives of those who are furthest from participating fully in the opportunities Ontario offers. To rebalance investments, we need the 2009 provincial budget to include the following elements.

We have three super-priorities. They are housing, housing and housing. Without safe, adequate and genuinely affordable housing, it becomes very difficult to carry on with a normal life. It should be the first element of any government budget and the predominant element in any economic stimulus package or infrastructure program. This must be done whether or not the federal government comes to the table with their share. If you look on page 9 of your document, you'll see a diagram that shows how housing impacts all other aspects of life.

We need you to redefine the "affordable" in affordable housing. Currently, "affordable" in Ontario means a house costing \$150,000 in small communities and \$350,000 in central Toronto. If affordability is going to be measured relatively, then people, not other houses, should be the point of comparison.

### 1350

You need to introduce, as part of an economic stimulus package in the budget, a three-year municipal infrastructure program for hard services that would invest \$8 billion in Ontario's communities, \$3.5 billion of which would be allocated to social housing. It would also require a municipal contribution, either financial or in-kind, of at least 10% of the cost. All funding would be allocated on a 50-50 basis to support 50% new development and 50% repairs or renovations to existing infrastructure. Each application would have to contain both elements. For example, if \$120 million were allocated to the city of Ottawa for housing, \$60 million would go to constructing new social housing and the other \$60 million to repairing existing social housing.

Take Ontario Works off the property taxes over the next three years; that is, by December 2011. In return for this acceleration, the municipalities would have to agree to reinvest the savings in other local human services, which could be either municipally or community-operated, for a minimum of 10 years.

**M<sup>me</sup> Françoise Viau:** Nous vous demandons d'investir dans un système de garde sans but lucratif avec 50 000 nouvelles places subventionnées sur une période de trois ans afin d'offrir une opportunité aux enfants. Les places subventionnées permettront aux parents à faible revenu, spécialement les familles monoparentales, d'avoir accès à des emplois ou à une formation afin de faciliter leur participation à la vision de la province de l'Ontario.

**Ms. Linda Lalonde:** The balanced budget/deficit question: The situation in Ontario has changed drastically even since the economic statement in October. We need to maintain a long-term view while finding short-term solutions. It may be necessary to enter into a deficit in the short term in order to invest in the long-term stability of the economy and of Ontarians.

**M<sup>me</sup> Françoise Viau:** Nous croyons qu'investir dans nos communautés dans les moments difficiles comme celui-ci va aider à adoucir la tempête financière et bâtir un Ontario que l'on veut. Peter Hume, président de l'Association des municipalités de l'Ontario, en réponse à la province sur la stratégie de réduction de la pauvreté, a affirmé : « À la lumière des incertitudes économiques, il est plus important que jamais d'appuyer fortement nos citoyens vulnérables.... Comme nous le savons, les placements sont les pierres angulaires pour redresser l'économie ontarienne. »

**Ms. Linda Lalonde:** The question of which government programs to delay: We can't tell you which programs, if any, to delay because we don't have an understanding of every program the government provides. However, we can tell you which programs should be introduced, kept, and/or augmented.

First, the full amount of the Ontario child benefit should be paid in 2009 and it should be indexed in subsequent years. The full OCB and NCBS should be paid to social assistance recipients without any deduction from the family income.

**M<sup>me</sup> Françoise Viau:** Le salaire minimum augmentera de 0,75 \$ au 31 mars 2009 et au 31 mars 2010. Ceci apportera le taux à 10,25 \$. Nous vous demandons d'accélérer le processus en additionnant 0,75 \$ au 30 septembre 2009 afin d'atteindre un montant de 11 \$ l'heure au 31 mars 2010. Ceci est une augmentation approximative de 25 % répartie sur deux ans. Cette augmentation annuelle est nécessaire pour sortir le travailleur qui travaille plus de 40 heures par semaine, 52 semaines par année, de la pauvreté telle que déterminée par l'échelle du seuil de la pauvreté de Statistique Canada, mieux connue sous LICO.

L'assistance sociale doit aussi être augmentée de 10 % par année jusqu'au moment où elle atteindra le minimum requis par l'échelle des personnes à faible revenu de



LICO. Cette augmentation peut paraître énorme, mais il y a quelques années, les députés provinciaux se sont accordés près de 25 % d'augmentation, en allouant 2 % de plus aux personnes les plus pauvres de la province. Voici un exemple de l'inégalité de la distribution des fonds du gouvernement. Lorsque les assistés sociaux auront rejoint le minimum de l'échelle LICO, les prestations devraient augmenter annuellement au même pourcentage que les salaires des fonctionnaires de la province ou à celui du coût de la vie.

**Ms. Linda Lalonde:** Fourth, shelter allowances for social assistance recipients should reflect the actual cost of housing in the recipient's community.

Fifth, in this budget, funds should be provided to schools to equalize programs and services so that no child has to pay for any program or activity fees and the same education is offered regardless of where in Ontario the child lives or the socio-economic status of the school neighbourhood.

**M<sup>me</sup> Françoise Viau:** Nous devons assurer un soutien aux personnes, et en particulier aux aînés et aux personnes handicapées, afin de leur permettre de rester chez eux. Les installer dans des institutions coûte beaucoup plus cher à la province que si on allouait des ressources financières aux organismes communautaires qui appuient les personnes à rester dans leur logement. Avec les programmes sociaux, les aînés ou les personnes handicapées gardent leur autonomie, les coûts de l'état sont réduits en moyen terme, et les citoyennes et citoyens participent mieux à la vision d'un nouvel Ontario. D'ici trois ans, la province doit mettre et accroître les subventions pour les services communautaires et autres services de soutien afin de permettre aux personnes aînées et aux personnes handicapées de rester chez eux.

Afin de fournir un soutien aux personnes ayant besoin d'aide à une pleine autonomie, le gouvernement Ontarien doit construire des logements sociaux avec appui du type Options Bytown. Dans les trois prochaines années, le gouvernement devrait construire du logement qui permettra de loger 4 000 personnes. Puisque dans les logements on retrouve normalement de deux à quatre personnes, ceci signifie 1 550 à 2 000 unités de logement. Il faut se rappeler que ce type de logement, à cause des clientèles qu'il dessert, pourrait faire économiser de l'argent à moyen terme en évitant des déplacements dans les soins de santé et des conflits avec le système judiciaire. Les travailleurs de ce type de logement peuvent intervenir et appuyer le locataire avant qu'il ne soit en crise. Par exemple, il coûte 1 500 \$ par mois pour garder une personne dans un logement de soutien et 1 500 \$ par jour dans un hôpital.

**The Chair (Mr. Pat Hoy):** You are about a minute and a half over your allotted time, so we'll move to questioning. It will come from the official opposition. Mr. Yakabuski.

**Mr. John Yakabuski:** You talked about levelling the playing field, and in that context I want to talk about deficits, because the money has to come from somewhere. It either has to be because of deficit financing or

increased revenues. If you're going to increase revenues, you're going to have to either have more people paying taxes or more businesses paying taxes, or the ones that are currently paying those things are going to have to pay more. Given those choices, what do you think the government should be doing: running bigger, more and longer deficits? Increasing taxes?

**Ms. Linda Lalonde:** Our suggestion is that a deficit in the short term is acceptable. We would have problems with looking at another 20 years of deficit financing, but when we have the kind of economic situation we have today, it's important for government to move in and act with deficits based on the short term. If you look at the very beginning, we also said that whatever kind of setup you have, you only borrow money that you know you can repay over a reasonable, manageable period of time. So we're not talking about borrowing money for things that—first of all, you don't borrow money for consumables if you're an individual, and the government should not be doing that either. So we would see deficits acceptable in the short term but not in the long term.

**Mr. John Yakabuski:** But what do you consider short-term?

**Ms. Linda Lalonde:** Five, 10 years.

**Mr. John Yakabuski:** Five or 10 years is short-term. Okay. I'd consider that long-term, but again, that could be one of our differences, maybe.

You talked about the need for the government to up-load the cost of Ontario Works, accelerate that much faster than—what is it?—over the next 10 years, basically.

**Ms. Linda Lalonde:** I think it's over nine.

**Mr. John Yakabuski:** So it's a significant drain on municipalities like the city of Ottawa.

The other thing I wanted to ask you about, because you talked about minimum wage increases and the need for that to be kept up: How do you feel—and I asked this question of somebody earlier—about something that has been recommended by some politicians, some economists and some social advocates: a guaranteed annual income?

**Ms. Linda Lalonde:** It certainly is something that would—if you want to see a level playing field, that would do it. It takes a long time to implement such a thing, and we're in a bit more of a hurry than a guaranteed annual income would take. But certainly over the long term that's something that I think we should be looking at for Ontario.

1400

**Mr. John Yakabuski:** Based on your submission, you definitely do look like a couple of ladies who are in a hurry; there's no question about it.

You also talked about keeping people in their homes longer as they age. One of the things I've noticed, and you can tell me if you've seen it as well, is where the government talks about spending more money on keeping people in their homes longer, but we don't seem to see more people getting services in their homes longer because so much of it seems to be tied up in endless reams of paperwork, as opposed to delivering services to

seniors and keeping them at home. Do you see that, or is that not an issue for you?

**M<sup>me</sup> Françoise Viau:** Oui, on voit ça certainement dans la communauté. Je crois que c'est soit—il y a des raisons. Il y a l'argent qui n'est probablement pas bien distribué. Souvent, les associations n'ont pas assez d'argent pour embaucher du personnel supplémentaire, ce qui fait qu'on ne peut pas répondre à la demande. Et parce qu'on ne peut pas répondre à la demande, les gens sont obligés d'aller en institution. Alors, oui, il y a trop de paliers puis—comment on dit ? Il y a trop de chefs et pas assez d'Indiens; c'est ça qui arrive. Alors, quand le temps arrive où on en a besoin, il n'y en a pas.

**Ms. Linda Lalonde:** I think the other thing you need to recognize, though, is that every dollar that you spend on keeping someone in their home is probably \$10 saved by not spending it somewhere else.

**Mr. John Yakubski:** But what I take from you is, you're saying not enough money in front-line services, a whole lot of money being eaten up in this milieu that is the system.

**M<sup>me</sup> Françoise Viau:** Yes.

**Mr. John Yakubski:** Thank you very much.

**The Chair (Mr. Pat Hoy):** Thank you for your submission.

**M<sup>me</sup> Françoise Viau:** Thank you very much.

#### GREATER OTTAWA HOME BUILDERS' ASSOCIATION

**The Chair (Mr. Pat Hoy):** Now I call on the Greater Ottawa Home Builders' Association to come forward, please. Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning coming from the NDP in this rotation. Simply state your name for Hansard and you can begin.

**Mr. John Herbert:** Thank you, Mr. Chairman, members of the committee. My name is John Herbert. I'm the executive director of the Greater Ottawa Home Builders' Association. I wanted to thank you for taking the time to listen to us today.

Our association is the voice of the residential construction industry in Ottawa. We have about 305 members involved in all aspects of the industry. This year we'll build an estimated 6,800 units, and we've contributed thousands of jobs both directly and indirectly to the local economy. This is actually the third-highest level of housing production in Ottawa's history, but the big question now, of course, is what's going to happen in 2009.

In this regard, the information to date is not very encouraging. To the end of November, year over year, new home sales in Ottawa are down about 23%. Assuming that this trend continues, it's possible that we could be down as much as 30% by December 31. This will, of course, cause a significant contraction in the construction industry in 2009. If home sales don't pick up between now and the end of 2009, we're going to see some

widespread construction declines and industry unemployment in 2010.

Our members are very concerned about the broader economic turmoil, the stock market fluctuations and job losses. Quite simply, if one is worried about whether or not they will have a job in the near future, they aren't going to be interested in purchasing a new home either. Furthermore, concerns about deflation mean that some consumers who may be in the market for a new home are sitting on the sidelines and are waiting for prices to maybe fall. These two factors, combined with the media attention to the housing situation that's happening in the United States, have effectively driven new home buyers away in large numbers, essentially since about September 1. Sales were okay up until the end of August, but as of September, things started to decline very rapidly.

We do, however, have reason to be somewhat optimistic about our local economy, given the very stable employment base generated by the federal government in Ottawa. There aren't many good things about big government, but that's one of them. Whereas private sectors such as the automotive are vulnerable to international economic winds, Ottawa's employment base tends to be insulated from the extremes of the marketplace. Many members of this committee will have experienced some of the housing industry lows in the past and will recall that we've never requested any kind of financial government assistance, even when thousands of our members were laid off. In this regard, we would ask the committee to be very careful about how the government of Ontario decides to infuse tax dollars into any bailout of the automotive sector. I think the reasons for the failure of the North American auto sector are now relatively clear, with the two main problems being high senior management salaries and high union remuneration. We would just encourage you to use caution in spending taxpayers' dollars on those problems. This is actually kind of a redundant comment now because when I was coming down here in the car, I was listening to some commentators talking about the announcement that Bush made this morning. I don't know how many of you—

*Interjection.*

**Mr. John Herbert:** Yes, well, one of the conditions is that the Big Three have to reduce their wage cost structure to equal those of the European manufacturers in the United States. It makes complete sense. Basically, the CAW is going to have to do that if they want to stay in the game. It's going to finally deal with one of the biggest problems in the auto sector.

With respect to the budget, the provincial government needs to be congratulated for running three consecutive balanced budgets, but obviously, during an economic crisis, we think the government would be prudent to begin running a deficit to stimulate the economy as long as these don't turn into structural deficits. The best way to make a significant infrastructure commitment is on the balance sheet through about two or three budget cycles.

Infrastructure spending for roads: Ottawa's new transit system, water and waste water facilities are all priorities



for home builders in Ottawa to ensure that we remain economically competitive. In the past decade particularly, we've seen a lot of infrastructure programs that were announced, and municipalities ended up spending the money on cultural centres, swimming pools, libraries. We've always taken the position that infrastructure dollars should be spent on hard services: underground, roads, water, sewer. Again, we're reminding members of the committee of this problem that has been experienced in the past and request that you try to ensure that infrastructure dollars that are spent are spent on hard services that are going to generate jobs.

In Ottawa, we would recommend that the province move quickly to support additional funding for the approved rapid transit system that we're just about ready to undertake, improvements to the sewage system to ensure that no further spills occur into the Ottawa River—I'm sure you've all heard about those—and lastly the Strandherd-Armstrong bridge across the Rideau River. All of the environmental assessments have been done. The money has been set aside municipally. All we're waiting for is provincial funding, so that would be an easy project to launch.

Furthermore, to support municipal infrastructure funding, we applaud the steps taken in the Provincial-Municipal Fiscal and Service Delivery Review to upload social services from the municipal tax base. Our members are, however, concerned that despite the broader economic turmoil and cyclical slowdown that our industry is experiencing, the province is continuing to deal with public policy initiatives that could further dampen the performance of the industry in 2009. We're worried about those.

Some examples are mandatory residential fire sprinklers. We saw where those were introduced in high-rise buildings last year at a cost of \$5,000 to \$6,000 a unit. There's still talk about sprinklers being made mandatory in single-family homes in Ontario, again \$7,000 to \$8,000 a unit. The odds of dying in a residential fire death are three times lower than dying by drowning, so it's something that makes no sense to us and is going to cause additional cost increases.

**Mr. John Yakabuski:** Mandatory life jackets as soon as you get out of bed.

**Mr. John Herbert:** Yes.

The mandatory WSIB coverage that was implemented recently is going to drive a lot of our members underground. It's going to dramatically inflate the underground economy, particularly given the credit crisis that we're going through right now. It would have been tough enough, but the implementation of WSIB is a giant leap backwards.

The province is continuing to pursue the college of trades. Last year they tried to discuss compulsory certification and failed on that front. We believe it's primarily a union-driven activity. When that failed, they now seem to be trying to go at it again through the back door by creating a college of trades. It's a duplication of func-

tions. It's a duplication of Algonquin College here in Ottawa. It's a waste of money.

Some of the changes to the Planning Act are allowing municipal governments to require green initiatives and architectural guidelines that are going to be costly.

Lastly, granting of tax and regulatory authority to municipal governments is a problem. I'm sure most of you have seen the reports that have come out in the last week out of the city of Toronto whereby their land transfer increases have resulted in a 16% decline in new home construction in Toronto. So they've paid a very heavy price for it. Those are the kinds of problems that we're going to see if more cities in Ontario are given authority to tax and regulate.

#### 1410

Policy initiatives deserve some congratulations, for sure, on infrastructure investments, and we expect to see more of those. Not opening the Development Charges Act was a huge step for our industry across the board because, again, it would have resulted in dramatic price increases. And we want to congratulate the government for the funding that was made available for Algonquin College's expansion for the construction trades school.

These are just a few of the initiatives that will impact housing affordability and choice. The combined cost impacts of these numerous increased regulatory standards and fees and other initiatives under discussion, such as inclusionary zoning, could eliminate thousands of would-be homeowners from the housing market. Given the state of the provincial economy, the province would be well advised, we think, to exercise caution when considering any public policy that would negatively impact housing affordability.

Let me conclude by stating that there is tremendous uncertainty in our industry today. Although, as I mentioned earlier, we're very grateful to be in a geographic region that enjoys such a large, relatively secure employment base in the form of the federal government, we also know that no area can remain completely immune from the effects of the massive international economic upheaval we're currently experiencing.

As the engine that drives the regional economy, the residential construction industry pours millions of dollars into provincial coffers. I gave you a handout, which you'll see has a few highlighted statistics on it regarding some of the things that our industry has contributed to the local economy, the provincial economy and the federal economy.

To summarize, the housing industry is alarmed by the rapid deterioration of the global economy. The key issue that should be addressed in the 2009 provincial budget is a fiscal stimulus package that focuses attention on a significant investment to renew and expand hard infrastructure and job creation as soon as possible.

Thank you for your attention. I'd be pleased to try to answer any questions that you might have.

**The Chair (Mr. Pat Hoy):** Thank you. We'll go to Mr. Prue of the NDP.

**Mr. Michael Prue:** On the very first page, you put down that concerns about deflation mean that some consumers who may be in the market for a new home are sitting on their hands and waiting for prices to drop. In fact, I think that's probably the prevalent attitude. People are seeing house prices going down; they're not about to jump into the market. I've been around Ontario and I've seen, almost everywhere I go, new homes with signs out in front with the old price slashed and the new one there, and it's \$20,000, \$30,000, \$50,000 less. Is that surprising to you at all?

**Mr. John Herbert:** No, it's not surprising. As I mentioned in my presentation, we're very fortunate in Ottawa, in that we tend to be somewhat immune from that. But there's no question that it is taking place right across this country.

**Mr. Michael Prue:** In fact, that leads me to believe—and I want to get your opinion—that it is the funding of infrastructure, it is the funding of retro-upgrades and things of that nature, that is more likely to take place than new home construction in the next year.

**Mr. John Herbert:** I think that's true. We're counting on the provincial government to make sure that happens; to spend the money on the infrastructure that we require.

**Mr. Michael Prue:** You went on to say a couple of things that you consider negative that I thought were absolute positives—mandatory residential fire sprinklers. I saw on the news this morning, albeit in Saskatchewan, that a man, a wife, two kids and a fifth person burned to death in a house. A fire sprinkler would have saved them all.

**Mr. John Herbert:** There are a few issues to deal with here. It's a complex matter. The first question is, how old was that home? When I talk about residential fire extinguishers, I refer to new residential construction. In Ontario, all new homes require mandatory hard-wired smoke detectors. The odds of a person dying in a fire in a new home in Ontario are about zero. Smoke detectors save lives; sprinklers save property.

**Mr. Michael Prue:** We've got here mandatory WSIB coverage. This was a little contentious. I know my colleagues the Conservatives didn't like it much over the last few weeks. Is it fair in construction industries that some workers are covered by WSIB and others are not; some companies pay, others do not; the underground economy gets away with things, others do not?

**Mr. John Herbert:** I think what is fair for our members is that they have insurance. That is the priority, that everybody is covered by insurance. What we object to is that it be government-controlled insurance and therefore much costlier than other forms of insurance that are equally good. There should be a choice here.

**Mr. Michael Prue:** Okay. So you're not objecting to people being covered, just being covered by the government?

**Mr. John Herbert:** Yes.

**Mr. Michael Prue:** Okay. You went on to talk about municipally initiated green building standards. It seems everyone in the world is pushing for green roofs and insulation as part of the job that you are hoping your members are going to get, but you don't want that to be initiated by municipalities?

**Mr. John Herbert:** That's correct—by government. It should be something that's done by example, not by force.

**Mr. Michael Prue:** Yes, but how do you expect your members are going to get jobs unless there is a requirement to do it? Just that people wake up in the morning and feel good about it?

**Mr. John Herbert:** No. I think as the market proves itself and the technology proves itself, these measures will be automatically adopted by new homebuyers and by the industry. It's only when government begins to force things on the population that they can easily backfire, things like ethanol. It was basically a thrust by an environmental group that was adopted by government and opted by the farm lobby and it's a disaster. Those are the kinds of "green" things that can become very problematic if they're not analyzed properly.

**Mr. Michael Prue:** The last one here that I have is the granting of tax and regulatory authority to municipal governments. Ontarians pay the highest property taxes of any jurisdiction in the world. Municipalities are having a hard time raising those property taxes; they're looking for other alternatives. What would you suggest if municipalities require additional monies?

**Mr. John Herbert:** What would I suggest? I can only speak for Ottawa. I would say that if things were run more efficiently, that would be the most important thing that could be done to restore some health to the economic viability of the government. There is just a lot of waste, a lot of inefficiency and a lot of misspending that goes on. I think that would be the first step.

I think there's also a lot of truth to the notion that a lot of municipalities in Ontario have fallen way behind in terms of their tax increases, in trying to get re-elected. There are reports from the Canadian Home Builders' Association that show that some of the major cities across Canada are as far as 20% below simple cost-of-living increases and inflationary factors over the last two decades. I think there's a case to be made that government should be collecting more money than they are, too.

**Mr. Michael Prue:** Raise property taxes?

**Mr. John Herbert:** That's one of many elements that could be considered, yes. I don't think there's any one factor that's prominent. I think there are a lot of factors; there's a basket of things that need to be addressed.

**The Chair (Mr. Pat Hoy):** Thank you for your submission.

I want to thank the members and all our support staff over the last week. Have a safe and happy holiday. We are adjourned.

*The committee adjourned at 1418.*









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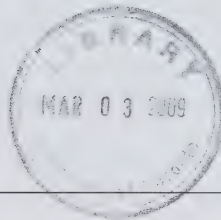
## CONTENTS

Friday 19 December 2008

<b>Pre-budget consultations .....</b>	<b>F-759</b>
Kinark Child and Family Services.....	F-759
Mr. Peter Moore; Ms. Tracy Folkes Hanson	
Hintonburg Community Association .....	F-761
Ms. Linda Hoad; Ms. Cheryl Parrott	
Citizens with Disabilities—Ontario .....	F-763
Mr. Terrance Green	
Kingston Community Roundtable on Poverty Reduction .....	F-765
Ms. Alice Gazeley; Ms. Zaineb Zimmerman	
Alliance to End Homelessness—Ottawa .....	F-768
Mr. Perry Rowe	
Council of Ontario Universities .....	F-770
Dr. Paul Genest; Dr. Roseann Runte	
Ottawa Council of Women, health committee .....	F-772
Ms. Helen Saravanamuttoo	
Somerset West Community Health Centre.....	F-774
Ms. Vicky Smallman; Mr. Eugene Williams	
Renfrew County Child Poverty Action Network.....	F-777
Mr. Greg Lubimiv; Ms. Lyn Smith	
Provincial Network on Developmental Services.....	F-779
Mr. Geoff McMullen	
Canadian Union of Public Employees, Ontario division.....	F-781
Mr. Michael Hurley	
Canadian Union of Public Employees, Local 2204.....	F-782
Ms. Shellie Bird	
Ottawa Federation of Parent Day Cares.....	F-784
Ms. Susan Mendelsohn; Ms. Jackie Dwyer	
EnviroCentre.....	F-787
Dr. Dana Silk	
ODSP Action Coalition .....	F-789
Ms. Terrie Meehan	
Ottawa Poverty Reduction Network / Réseau de réduction de pauvreté d'Ottawa .....	F-791
Ms. Linda Lalonde; M <sup>me</sup> Françoise Viau	
Greater Ottawa Home Builders' Association .....	F-794
Mr. John Herbert	



C#20N  
XC25  
F31



F-29

F-29

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## Assemblée législative de l'Ontario

Première session, 39<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 19 February 2009

# Journal des débats (Hansard)

Jeudi 19 février 2009

## Standing Committee on Finance and Economic Affairs

Pre-budget consultations

## Comité permanent des finances et des affaires économiques

Consultations prébudgétaires

Chair: Pat Hoy  
Clerk: William Short

Président : Pat Hoy  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 19 February 2009

Jeudi 19 février 2009

*The committee met at 0906 in room 151.*

## PRE-BUDGET CONSULTATIONS

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will come to order. We're here this morning—and this afternoon, if need be—for report writing.

For the first order of business, I would ask if there's any comment on the draft report.

**Mr. Wayne Arthurs:** I just want to take the opportunity to thank the staff, the research officers, the committee clerks and all the support staff in the process that we've been into to date, both in our hearings here in Toronto and during our time on the road, as part of those deliberations. As usual—no surprise—the report in and of itself is comprehensive. It certainly covers the broad range of submissions that were made to us and the suggestions that were made. I want to take the opportunity to thank the staff for all the work they've done on our behalf.

**The Chair (Mr. Pat Hoy):** Mr. Barrett.

**Mr. Toby Barrett:** With respect to that consultation process—and I sat in on the hearings, although I was unable to attend the Niagara Falls hearings—I question just how comprehensive the testimony was that we received. As I recall, on a number of days we ran out of presenters by about noon. I would estimate that there was maybe one third of what we normally receive, as far as applications to come before the witness table. I would think the reason was because all of the hearings were crammed into one week, and that was one week before Christmas. Normally, as this committee will know—and I've been a member for five years—as I understand it, it really doesn't commence until late January and on into February. I could understand having all of the hearings done before Christmas if there was a budget coming in January, given the rapid change in the economic climate not only in the province of Ontario or across the Dominion of Canada, but right around the industrialized world. However, we weren't called back for a budget in January. I don't think we'll be seeing a budget in February. We may not see a budget until—I'm not sure when the fiscal year wraps up—the very end of March, perhaps later.

What I'm suggesting is that we do have time for what I would consider more fulsome consultation. I'm just very concerned—and I'll go through the rest of the

reports. I'm not sure to what extent we heard from the auto industry or the auto unions, the car dealerships across this province, the parts suppliers for the auto industry, let alone farmers, business people, customers themselves, who rely on having the access to credit to be able to purchase a vehicle, whether it's a car or a truck or whether it's a used vehicle or a brand new vehicle.

We have explained some of this in a dissenting report that we will bring forward, but I wanted to limit my initial comments to my concerns with the consultation process. I think all parties agree we are in unusual economic times right now, and I think this finance committee has to shoulder some more responsibility in this regard.

I don't know whether Mr. Hudak has any comments.

**Mr. Tim Hudak:** Mr. Barrett put it quite well. I want to similarly register my regret that the committee hearings were crammed in under the shadow of Christmas. As Mr. Barrett noted, we ended, many days, at noon. In terms of my time on this committee, it was by far the lowest turnout of people making presentations to the committee. Despite Mr. Johnston's estimable skills in crafting a report, and doing his best, he was handicapped by the fact that a lot of the groups that would normally present to this committee were absent. We saw, as well, in the first couple of days, as you remember, during our Toronto hearings, that groups were scrambling to get their presentations done, doing everything off the cuff, because of the poor notice that was given.

0910

The government had made the argument that they wanted the committee hearings done early so they could come forward with an early budget, so they could get moving on finally kick-starting our economy, helping to restore job creation to the province of Ontario. Sadly, it appears the finance minister has done a flip-flop on that, announcing in the papers that the budget will be at the end of March, at best. So we are in the worst of both worlds. We crammed these hearings into the pre-Christmas season, we had a low turnout for advice, and the fact that the finance minister is not proceeding with an early budget, I think, indicates that the Premier and his finance minister have little regard for the work of the finance committee and therefore little regard for those who took the time to make presentations to this committee.

So that's the regret that the official opposition approaches this with. I suspect from some of the apple-

pie motions that we've seen from the government—I know my friend Mr. Prue has put forward some very thoughtful motions on behalf of the third party. We have a number of, I think, substantive motions to the report. The government's motions are largely feel-good, hand-holding, Kumbaya-singing exercises. I just think it shows that in a time of economic crisis, the finance committee is not being taken seriously by the government.

We will, Chair, be tabling a dissenting report, in anticipation that our amendments will be voted down, as has been the usual approach by the government. When you have an opportunity to let us know the deadline for submitting that to the clerk for publication, it would be appreciated.

**The Chair (Mr. Pat Hoy):** Any other comments?

**Mr. Michael Prue:** I just want to express, I guess, muted disappointment. As the members of the government will know, I stood both in this committee and in the House and asked for the early hearings, but that was on the condition and the understanding that the finance minister had indicated that he wanted to proceed in February. We're not proceeding in February, so I am disappointed that I put my political neck on the line to the government and to the finance minister in an effort to be co-operative and to deal with what I thought was an imminent crisis. Obviously, the finance minister and the government do not feel it is as imminent as they did when we went out on the road in December.

It seems to me that we are missing a huge opportunity to take corrective action at the earliest possible time. By leaving the budget exercise to the end of March, it is likely that it will impact on the next fiscal year. That was something that, in my view, needed to be avoided, so that people, when they went into April 1 and the new fiscal year, clearly understood where the government was coming from, what revenues were going to be available. I do not believe that they will have sufficient time if the budget is released after the March break. I certainly know that it is not likely to come before the March break, but after, and it will leave municipalities, universities, schools, hospitals and everyone else reliant upon government monies scrambling, should those monies suddenly dry up, as I am afraid they may.

Having said that, let's go on with the exercise. I've looked through the government motions; I cannot say that I find any of them substantive. But let's hear what they're all about. I'm disappointed that a finance committee made up of government members hasn't directed a single dollar to any of them. Anyway, let's go.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, we will commence our report writing. In your packet, individual motions are numbered, so we'll go with the first one, which is a government motion. Mr. Arthurs.

**Mr. Wayne Arthurs:** I move that the Standing Committee on Finance and Economic Affairs recommends that the government undertake stimulus spending that has both short-term benefits such as creating jobs and long-term benefits such as improved competitiveness. A key

component of the stimulus spending should go towards infrastructure projects related to, but not limited to:

- (i) Transportation;
- (ii) Skills training; and
- (iii) Municipal infrastructure.

**The Chair (Mr. Pat Hoy):** Comment? Mr. Arthurs.

**Mr. Wayne Arthurs:** I think it's important for the committee to be able to say to the government, at this point in time, that infrastructure spending, short- and long-term benefits, should be an important part of the budget consideration. They are key components. The government has worked on these in the past. We currently see what's happening with both the provincial and federal government in that regard, and to reinforce that in a substantive way should be an important part of our recommendations to the government to ensure that they stay on track in the context of the budget they bring forward for job creation and competitiveness, particularly in the areas related to transportation, skills training and municipal infrastructure, all of which certainly deserve our attention.

**The Chair (Mr. Pat Hoy):** Further comment? Mr. Prue.

**Mr. Michael Prue:** It's a question. Here, again, this is probably key to what the government members intend to recommend to the finance minister, but there is not a single dollar figure here. Am I voting for \$1,000, \$10 billion? What kind of recommendation is being made? How is it being cut down to transportation, skills training and municipal infrastructure? Is this just more of the same because the government has put some money into transportation, skills training and municipal infrastructure? Are you just saying, "Keep going along the same path"? I don't understand the purport of this at all. I don't understand where it's heading. I don't understand what you're trying to say. Is it just to make everybody feel good? That's my question. I don't understand. What is this motion going to accomplish?

**The Chair (Mr. Pat Hoy):** Thank you.

**Mr. Tim Hudak:** I don't know if the parliamentary assistant is responding.

**The Chair (Mr. Pat Hoy):** Mr. Arthurs.

**Mr. Wayne Arthurs:** The scope of the motion speaks to priorities that should be the priorities during this budget cycle, that I believe the finance committee should be recommending to the government. It's also reflective of initiatives that have been undertaken so far. The actual fiscal scale of those is something that the minister will have to determine within the fiscal capacities that he has available to him, in light of both the agreements and in co-operation with our federal and municipal partners—to some extent on the municipal infrastructure side—as well as the current revenue stream as it flows in, which we all know is not what it was in the past. I think the actual scale of the expenditures is one that the minister will have to determine within the capacity that he has, but these should be priorities for him to consider.

**The Chair (Mr. Pat Hoy):** Thank you. Mr. Barrett.

**Mr. Toby Barrett:** Well, just to follow up on Mr. Prue's comments, we're asked to vote on spending, and I



would ask again, what is the dollar figure? Could we at least get a ballpark figure? And, if we could not get a ballpark dollar figure, could we get a ratio or a percentage figure? Would this be an increase in spending, for example, compared to the last five years? It was not referred to as stimulus spending over the last five years—five years of good economic times, which immediately rolled us into a deficit and a have-not status position in Canada—but this is now labelled “stimulus spending.” Would this be merely matching the federal stimulus spending announcements in their budget? Is this a ratio to match federal stimulus spending? Is this stimulus spending to match, for example, municipal property-tax-based spending? What are the ratios or percentages? Is this an increase in spending over the last five years of increased spending? We know the percentage increase in spending over the past five years during the good times. Maybe that was stimulus spending, but how is this stimulus spending different from the last five years? I just need a ballpark feel for this; we may not get dollar figures from you. That’s my question.

**The Chair (Mr. Pat Hoy):** Mr. Arthurs?

**Mr. Wayne Arthurs:** The questions that are being asked are matters that really are in the hands of the minister in developing his budget. They might very well be the kinds of questions, at a point in time, if the minister was asked to come before the estimates committee to have that kind of discussion—that’s not a number that, as a member of this committee, I’m in a position to know what the minister’s thinking might be around that. We are making a recommendation around what the priorities should be in the context of infrastructure expenditure for the creation of jobs, both short- and long-term benefits and some priority areas within that that we feel are important.

0920

The types of detail or the percentages are something that really and truly is in the hands of the minister in developing the budget, not something in the hands of the members of this committee on the government side.

**Mr. Toby Barrett:** This motion may not be appropriate for this committee if we do not have that kind of power.

**The Chair (Mr. Pat Hoy):** Mr. Prue?

**Mr. Michael Prue:** I just want to comment. We are making motion 2. It is a specific motion, and this is what I was hoping the government would do: We’re talking about a minimum of \$2 billion in stimulus, and we outline where that stimulus should be. One billion dollars in infrastructure investments, and then we break it down: \$500 million for municipal infrastructure, \$225 million for the MUSH sector, \$275 million for new housing and \$1 billion for sustaining jobs; and then we break that down: grants and loans to the auto sector, refundable manufacturing investment tax credit, industrial hydro rate—where we think the money should be spent.

I don’t see anything in the motion here. I can vote for motherhood if you’re asking for a vote for motherhood, but please be blunt and tell me that this is a motherhood

statement. It has no impact whatsoever to the minister, to the finance committee, to anybody. It’s meaningless to me. I have to tell you, it’s meaningless to me, and I think it shows a little bit of contempt for the committee.

**The Chair (Mr. Pat Hoy):** Mr. Hudak?

**Mr. Tim Hudak:** We’re not off to a good start here, unfortunately, as my colleague said.

If I could interpret what motion 1 says, it basically says that the minister should spend some money—perhaps more or perhaps less than currently in the fiscal plan—that does good things. Some of the spending, whether it goes up or down, should go to pretty well anything. I don’t know if the parliamentary assistant wants to reword that motion in more plain language, as I had suggested, or stick with what’s there. Come on; that’s basically what it says.

I’ll try to be helpful here, Chair, to get a point across from the opposition perspective. I’m going to move an amendment to the motion that would add, after “Municipal infrastructure,” “(iv) Motherhood; and (v) Apple pie.”

**The Chair (Mr. Pat Hoy):** Any comment? Hearing none, we’ll vote on the amendment to the motion. All in favour? Those opposed? The motion is lost.

Now back to the main motion. Any other comment? Mr. Hudak?

**Mr. Tim Hudak:** Yes. My colleague Mr. Barrett put it quite well. The following motion by the NDP actually has some specifics in it, some projects it picks out; it actually took the time to assign some spending figures.

I’m not going to vote on government motion 1. I think it shows contempt for the committee process to put that kind of motion forward, and I’m not going to justify it by casting a vote on it.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, we’re ready for the vote. All in favour? Opposed? The motion is carried.

Now we’ll move to motion 2, an NDP motion.

**Mr. Michael Prue:** Jobs stimulus plan:

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its FY 2009-10 budget, introduce a \$2-billion jobs stimulus plan consisting of the following measures:

—at least \$1 billion in infrastructure investments, including \$500 million for municipal infrastructure improvements like local roads and public transit, \$225 million for a MUSH sector energy retrofit, and \$275 million for 7,500 new units of affordable housing. This investment would address social needs while creating 11,000 jobs;

—at least \$1 billion to sustain jobs in our manufacturing and resource sectors, including \$300 million in grants and loans to the auto sector so that Ontario builds the high-demand vehicles of the future, \$400 million for a refundable manufacturing investment tax credit to reward employers for investing in machinery and plant expansions, and \$300 million for an industrial hydro rate,

to reduce business costs while promoting conservation and guaranteeing employment.

If I may just speak to this, this is the kind of motion that I think the finance committee should be making. If the members disagree with how the money should be spent, I would welcome amendments and discussion on it. But I think that the finance committee should be recommending a dollar figure of at least \$2 billion to the minister for a jobs stimulus plan, to create the 11,000 jobs, to give manufacturers, the general public and the MUSH sector the tools they need to help pull us out of these recessionary times and to give some kind of solace, I guess, to those who are facing job crises, both the manufacturers themselves and the workers in those industries; and I guess hope on an industrial hydro rate, that we at least understand the pain that many in the manufacturing and forestry sectors especially are seeing with the added increase of hydro rates which are impacting on their bottom line and their ability to stay open.

If the members opposite disagree with any of this or think that the stimulus should be elsewhere, I'm more than happy to listen to reasoned amendment, but I think the finance committee has to come forward and strongly indicate to the finance minister where the stimulus should be and how much it should be. That's the motion.

**The Chair (Mr. Pat Hoy):** Thank you. Further comment?

**Mr. Tim Hudak:** I want to commend my colleague Mr. Prue on putting forward a very detailed stimulus plan. A number of these initiatives he himself has championed in the Legislature and asked questions about during committee, so obviously he's done his homework and is being very consistent in his views.

As the PC finance critic, I think members are aware we have suggested a more balanced approach in our jobs stimulus program, including tax reductions in the business and personal sector, as well as greater restraint in public sector hiring that has ballooned under the McGuinty government. I do note that Mr. Prue reduces taxes for manufacturing investment. We think improving the ability of companies to invest in machinery and therefore improve productivity is a very helpful step forward.

Mr. Prue was kind enough to say that he would contemplate amendments to the motion, so I would like to add another bullet at the end after the word "employment." I move that the motion be amended by adding, after "employment," "And immediate elimination of the capital tax, a scheduled reduction in corporate tax rates and public sector hiring restraint."

**The Clerk of the Committee (Mr. William Short):** Could I ask you to repeat that?

**Mr. Tim Hudak:** You bet. Again, after the word "employment," I move that the words "And immediate elimination of the capital tax, a scheduled reduction in corporate tax rates and public sector hiring restraint," would be added. Is that okay?

**The Clerk of the Committee (Mr. William Short):** I'll just get it in writing.

**The Chair (Mr. Pat Hoy):** Comment on the amendment?

**Mr. Toby Barrett:** Maybe I shouldn't comment on the amendment. I'm sorry; I was going to comment on the—

**The Chair (Mr. Pat Hoy):** Okay. We're on the amendment now.

**Mr. Toby Barrett:** In a sense, this is a comment on the amendment as well, and I do commend the NDP. At least we know where they're coming from, and they have put out something valuable for discussion.

Of course, as a Progressive Conservative, to have the third party talk about a \$400-million refundable manufacturing investment tax credit is in keeping with a lot of our thinking, and I appreciate that. With respect to manufacturing, I think of auto specifically. There is a concern as well with what we have seen at the national level, both in Canada and the United States, about where some of the already-announced funding is going. There is a concern, and we also hear this with respect to the banking community in the United States, from people I speak with: "Where did this money go?" And with respect to auto, "Why are my taxpayer dollars going to big companies and big unions?" I hear this as well.

I know one thought that has come up locally in my riding and also elsewhere in the province of Ontario: The taxpayers who are providing all of the dollars that are listed in this motion have indicated to me, if the companies can't sell cars or manufacture cars and their dealers can't sell them, "If I can't access credit or if I don't have confidence enough to buy that new truck for my farm, why not take some of my money and roll it back to me in sales tax credit?"—PST and GST? This is something that has been proposed by the Canadian car dealers' association. It has been proposed by the American automobile dealers' association. I know there are petitions floating around in the Legislature calling for a sales tax holiday on vehicle sales at the provincial level, the state level and the federal level in both countries. I just wanted to use the opportunity to mention that.

0930

So I credit this analysis with dollar figures attached. There are many, many other measures that are being kicked around as well, certainly, beyond some of these ideas.

**The Chair (Mr. Pat Hoy):** Further comment?

**Mr. Michael Prue:** I just have a question about the capital tax. Does the capital tax you're proposing include tax reductions for Exxon, Shell and the oil companies which last year made the largest recorded profits of any companies in the entire world history? Because if you're intending to give them more money, I think that I can't do that.

**Mr. Tim Hudak:** I'll respond quickly. I can't speak to individual companies, but our view is that the capital tax, no matter what corporation it applies to, is a job-killing tax. It's an outdated tax. It originally would have been eliminated by now, except the McGuinty government extended it for a number of years. We just want to see it eliminated across the board.



**The Chair (Mr. Pat Hoy):** Further comment, if any?

**Mr. Wayne Arthurs:** There are a number of motions in the package that we will get to that deal with the amendment, in part or in whole. We look forward to the opportunity to comment on those at that point in time, but we won't be supporting the amendment.

**The Chair (Mr. Pat Hoy):** Any other comment? Are we ready to vote on the amendment?

All in favour of the amendment? Those opposed? The amendment is lost.

Now we're back to the main motion. Is there any other comment on the main motion?

**Mr. Tim Hudak:** Again, as I said in my opening comments, I commend Mr. Prue for bringing forward a thoughtful plan with a great level of detail. The Progressive Conservative caucus believes that we need a balanced approach, from investing in infrastructure to improve productivity of our businesses, for example, to also reducing the heavy burden of taxation that holds back job creation in the province of Ontario. Therefore, I don't think Mr. Prue's motion has the required balance for the PC caucus to support at this time.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour of the motion? Those opposed? The motion is lost.

Now we go to number 3, a PC motion. Mr. Hudak.

**Mr. Tim Hudak:** My apologies: It should read, "Deficit recovery plan." The motion reads:

Whereas the government of Ontario has revealed it will run a significant deficit; and

Whereas the Fiscal Transparency and Accountability Act states that the executive council must develop a deficit recovery plan;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance immediately present a plan to get Ontario out of deficit.

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Tim Hudak:** I think members know that in the government's own legislation, the so-called Fiscal Transparency and Accountability Act, there is a requirement on the finance minister to table a deficit recovery plan when they announce a deficit. Minister Duncan formally announced that in his economic statement this past fall, but has yet to produce a plan to describe how the province will return to balance. In my view, he is in violation of his own legislation. Technically, there's not a date in there that says that he has to do it within a certain number of months, but I fully expect the minister to immediately indicate how far we're going into deficit and then, very importantly, the plan to get Ontario back into balance.

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Wayne Arthurs:** If the PC caucus would like to amend this in a modest way, I think it's something the government could support.

First, I think it really should immediately speak to the 2009-10 budget. On the presentation of the budget, it would be reasonable to consider the inclusion of something along with it, as per the legislation. The second

component: It would take some wording difference at the end, to speak to achieving a balanced budget within a specified time period or the period within which the balanced budget will be achieved. So rather than talking about getting out of deficit, it would speak to balancing the budget. So there are two items: One would be to immediately speak to the 2009-10 budget, as a time frame for the minister to be able to make that recommendation, and secondarily, to achieve a balanced budget within a specified time period.

**The Chair (Mr. Pat Hoy):** Mr. Hudak.

**Mr. Wayne Arthurs:** If that's helpful—

**Mr. Tim Hudak:** Obviously, we always like to see some of our motions pass.

I take it that the government members won't support the word "immediately." That's sort of a deal-breaker on this particular motion.

**Mr. Wayne Arthurs:** There are two items, in my view. One is the immediacy, since we are working as a committee for our presentation and the minister will bring forward his budget when he can—whenever that might be. I don't know when that is either. The secondary part is to get out of deficit. We'd much prefer to speak, as per the Fiscal Transparency and Accountability Act, to the issue of a balanced budget, as opposed to getting out of deficit. It's just a phraseology, I think, that probably all of us have a comfort with.

**Mr. Tim Hudak:** Obviously, I think it's important to have this in the minister's plan. Our preference as the PC caucus, as I've expressed at this committee and in estimates, was for more immediacy from the finance minister and to present that plan shortly after his October statement. Nonetheless, if we get some of the motion through, I am very much open to the friendly amendment offered by my friend the parliamentary assistant, with that caveat. We would prefer it sooner. If we make it part of his budget, that is not as good as we hoped for, but satisfactory.

The other point is that we do hope the province will, over time, pay back any of the deficits that have been incurred and piled on to the debt; right? So we would like to see debt reduction as an ongoing strategy of the provincial government, whoever it is, once we restore balance.

That having been said on the record, I'm open to the amendments to the motion, as suggested by the parliamentary assistant.

**Mr. Toby Barrett:** And just to clarify—

**The Chair (Mr. Pat Hoy):** I have Mr. Prue. Did you—

**Mr. Toby Barrett:** Oh, I'm sorry.

**Mr. Michael Prue:** Oh no, I was just going to ask: Can I see the amendment?

**The Chair (Mr. Pat Hoy):** Yes, I'm going to ask for that for ourselves too.

**Mr. Michael Prue:** Because I don't want to discuss it without actually seeing what's being proposed.

**The Chair (Mr. Pat Hoy):** I'm going to ask for that in any regard. Any other comment to this proposal?

**Mr. Toby Barrett:** I just wanted to clarify. I know the parliamentary assistant talked about debt recovery, and that may well be in that act, but we were specifically talking just about deficit and, as the parliamentary assistant indicated, about a balanced budget. We're not specifically asking for a debt recovery plan, recognizing that the debt is nothing more in many ways than accumulated deficits. We're just asking for a plan to get Ontario out of a deficit position, which we're in now, and we assume is projected for a number of years into the future. We're talking deficits, not debt.

**The Chair (Mr. Pat Hoy):** We're going to get this proposed amendment in writing, and I'll read it for everyone.

*Interjections.*

**The Chair (Mr. Pat Hoy):** So if you would, Mr. Arthurs, reread the amendment into the record.

**Mr. Wayne Arthurs:** In the last clause, replace "immediately" with "in the 2009-10 budget" and replace "to get Ontario out of deficit" with "present a plan to achieve a balanced budget within a specified time frame."

**The Chair (Mr. Pat Hoy):** Does everyone understand it? Mr. Prue?

**Mr. Michael Prue:** I just want to be clear: What the amendment is going to do is to ask the minister, at the time of the tabling of the budget, to also table to the Legislature his plan to balance the budget at the same time and be in compliance with the laws of Ontario?

**Mr. Wayne Arthurs:** Yes.

**Mr. Michael Prue:** So he does that at the same time as the budget presentation?

**Mr. Wayne Arthurs:** The amendment would recommend that within the budget there is a plan to achieve a balanced budget within a specified time frame. I think that's reflective of the legislation. The words may not be exactly the same as the legislation.

**The Chair (Mr. Pat Hoy):** Any other comment on the amendment? We're ready for the vote. All in favour of the amendment? Carried.

Now we'll talk to the motion, as amended. Are there any other comments? Hearing none, all in favour of the motion, as amended? Carried.

Now we move to number 4. It's a PC motion. Mr. Hudak?

0940

**Mr. Tim Hudak:** The motion reads:

Whereas the provincial government has increased spending by an average of 8% per year; and

Whereas the total provincial debt has increased \$24 billion equalling \$1,870 of new debt for every man, woman and child living in Ontario; and

Whereas much of the increased spending is going to an expanding public sector that has created 209,100 new public sector jobs;

The standing Committee on Finance and Economic Affairs recommends that the Minister of Finance implement a public sector hiring freeze and salary freeze

for senior management in government, crown corporations and agencies.

**The Chair (Mr. Pat Hoy):** Comments?

**Mr. Tim Hudak:** With revenues dropping off with a slowing economy—in fact, Ontario may have the slowest growth of any other province, and certainly has in the last number of years—we need to show some restraint in our own spending. No doubt the government will be making some announcements on one-time, short-lived programs, perhaps for transportation and infrastructure, by way of example. By restraining our own spending, that will ensure that we minimize the impact on the potential deficit—by finding savings as much as possible internally first.

**The Chair (Mr. Pat Hoy):** Any other comments?

**Mr. Michael Prue:** We have waiting lists for autistic children that run into months and years, and you're suggesting, by way of this motion, that we not staff up those positions and that we leave the waiting lists in a broad range of government services, hospitals; that we not hire the nurses who are needed in order to provide care? I'm trying to understand. Is this a hiring freeze across every area of the broader civil service? Is it targeted? Or are you asking us to accept the waiting lists, as they exist, in so many needed services?

**Mr. Tim Hudak:** We believe that the motion gives ample flexibility to the Minister of Finance and various ministers to ensure that they can invest in the front-line services, while holding back or reducing the positions that aren't on the front line.

Certainly, when you look at the number of folks in communications and policy positions, there has been a substantial growth in ministers' offices. We think that this motion will enable the finance minister to find savings without impacting on front-line services.

**The Chair (Mr. Pat Hoy):** Further comment?

**Mr. Toby Barrett:** I would just draw the committee's attention to the phrase in the last sentence. This refers to "senior management," not front-line nurses, not people who are working with children with autism.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Michael Prue:** I take what Mr. Barrett is trying to say, but that's not what the motion says. The motion says—it is in two parts—"recommends that the Minister of Finance implement a public sector hiring freeze and salary freeze for senior management in government...."

The first part is the problematic one to me. It's problematic because I'm not sure that there are enough savings just by taking out some of the Liberal staffers in the Premier's office—I know there are about 100 people or so—that it's going to be able to solve the front-line problems in a broad range of government services.

I'm particularly thinking about the reduction in staffing for nurses; I'm thinking about families with autistic children—and I have some who regularly contact me in my riding, who are waiting sometimes months or years or having their children cut off when they reach six years of age or being transferred out against their will. There are all kinds of things going on here that I do not



want to add to. It's bad enough and tough enough out there for many families and the services upon which they rely without having a hiring freeze.

**The Chair (Mr. Pat Hoy):** Mr. Hudak.

**Mr. Tim Hudak:** For the sake of clarity, I'll do two separate motions. The first one will be as it stands, which is an overall public sector hiring freeze and salary freeze on senior management, as Mr. Prue reads it. If that fails, then I'll clarify—I'll rewrite the last paragraph to then limit the hiring freeze to senior management, if that's more palatable. But I want the motion on the floor to stand for an initial vote, and then I can—

*Interjection.*

**Mr. Tim Hudak:** Pardon me? That's fine. Thank you.

**The Chair (Mr. Pat Hoy):** We can do that. Mr. Arthurs.

**Mr. Wayne Arthurs:** The government has already taken some initiative, not all that long ago, to incorporate a degree of restraint on the Ontario public service within the context of our own roles as well as encouraging our broader public sector partners to follow suit, to the extent possible, to bring some constraints on the overall process without being a little more draconian, I guess, with public sector freezes in hiring or in wages, and allowing people to work through the legitimate processes that they have available to them as well as constraining, at least with the OPS/public sector we deal with, the footprint in place. What we've done allows for the very type of thing that Mr. Prue is referencing, and obviously a concern to government as well. Obviously all the objectives won't be met for all of the specific areas, but it doesn't put the level of constraint on, it doesn't allow us then to address the priority needs as they're addressed. So we won't be in a position to support the motion as it's presented by the PC caucus.

**The Chair (Mr. Pat Hoy):** Further comment? Hearing none, I'll put the question. We are discussing the motion here—

**Mr. Tim Hudak:** Procedurally, we could vote on the motion as it stands and then I would suggest another compromise motion if this fails.

**The Chair (Mr. Pat Hoy):** So we've voting on the motion on page 4, as is. All in favour? Opposed? The motion is lost.

**Mr. Tim Hudak:** I'll just read in the rewritten motion as it is an additional motion or what have you, but it would read as follows:

Whereas the provincial government has increased spending by an average of 8% per year; and

Whereas the total provincial debt has increased \$24 billion, equalling \$1,870 of new debt for every man, woman and child living in Ontario; and

Whereas much of the increased spending is going to an expanding public section that has created 209,100 new public sector jobs;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance implement a hiring and salary freeze for senior management in government, crown corporations and agencies.

So the second sentence would read "implement a hiring and salary freeze for senior management in government, crown corporations and agencies."

**The Chair (Mr. Pat Hoy):** The committee understands that? Any comment? Mr. Hudak.

**Mr. Tim Hudak:** Again, I recognize, having been there, that the government will require some flexibility if somebody leaves, retires etc., so this would reflect total positions, not simply saying that if one person happened to—if William Short gets hired as the Clerk of the federal Parliament, they could replace his position.

**The Chair (Mr. Pat Hoy):** Very good. Any other comment? Mr. Prue.

**Mr. Michael Prue:** So you're not looking here at attrition; it's just a hiring freeze. So the number of senior bureaucrats that are there in the government—and I don't know what that number is, but let's make one up, 10,000 of them—there will still be 10,000 jobs at the end?

**Mr. Tim Hudak:** Obviously, if they can find positions that they want to reduce, this gives them the flexibility to do so. We're basically saying that enough is enough: There has been a rapid expansion in these areas and we need to put an end to it.

**Mr. Toby Barrett:** I'm not sure if we can legislate attrition. Attrition happens.

**Mr. Michael Prue:** That's what I'm trying to understand. This is a freeze. So if it's a freeze, what you're saying is, whatever number of senior bureaucrats there are, at the end of the budget cycle a year from now there has to be or there can be the same amount. Or there likely will be the same amount because if it's a freeze, a freeze is not a reduction. A freeze is the same number. So what you're saying is, you want it frozen. So the same number that are there now will be there at the end.

**Mr. Toby Barrett:** A hiring freeze.

**Mr. Michael Prue:** You're saying that if somebody retires or dies, they can be replaced. So then that's a freeze; if you're saying they retire or die and they're not replaced, that's attrition. That's what I'm trying to get at. So you're talking about a freeze; you're talking about the same number of senior bureaucrats at the end that we have today. If that's the motion, that's not so bad. If that's not the motion, you'd better tell me.

**Mr. Toby Barrett:** Did anyone here study grammar? I think that in the original motion if there had been a comma after freeze, it would have been okay.

**Mr. Tim Hudak:** The intention here is a cap. Obviously, the PC caucus would like to see the number of redundant positions reduced. The intention here is a cap on the total positions and to encourage government to actually find savings by reducing redundant positions. We could change the motion again, but I think it stands as an indication of important public sector restraint.

0950

**The Chair (Mr. Pat Hoy):** Mr. Arthurs.

**Mr. Wayne Arthurs:** Mr. Chairman, we won't be supporting the motion. "Salary freeze" seems pretty clear; it means that it's frozen. "Hiring freeze" sounds pretty clear; it means that there won't be any hirings. It

doesn't mean that there are full-time equivalents, FTEs, and that there's a complement and that you will stay within that complement of staff even though currently the complement is one number and the actual number of hires is less than that—you always have vacancies in place.

But to me, this motion says that there's going to be a hiring freeze and a salary freeze. It doesn't say, at the end of the year, you're going to replace individuals because you have to work within the context of government activity, any more than it says that you're going to adjust the salaries because you work within the context of the way the government works. This says "freeze." I think Mr. Barrett's comment about, "Did anyone study grammar?"—I suggest that we probably all understand grammar. In my view, this says to freeze salaries, freeze hirings, and we're not prepared to support that motion.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Hudak.

**Mr. Tim Hudak:** Yes. I'm always willing to, as I said—it's nice to get some motions passed, and I'm always willing to make some friendly compromises. Is there something that you would support—a cap? Is there a way I could rephrase my amended motion that would win his support, which I value greatly?

**The Chair (Mr. Pat Hoy):** You would have to make an amendment, I guess.

**Mr. Tim Hudak:** I just wanted to ask you for some help.

**Mr. Wayne Arthurs:** If I can, Mr. Chairman: We dealt with the first motion that they had before us. This one is not one that we can support either.

**The Chair (Mr. Pat Hoy):** Any other comment? Are we ready for the question? All in favour?

**Mr. Tim Hudak:** For the motion?

**The Clerk of the Committee (Mr. William Short):** It's a new motion.

**The Chair (Mr. Pat Hoy):** This would be a new motion—4B, maybe. All in favour? Opposed? The motion is lost.

**Mr. Tim Hudak:** Chair, if I could—I'm not going to belabour this, but I'm going to make one last shot at this. I don't know if you need me to read the whole thing again, but the last paragraph would read:

"The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance implement a salary freeze for senior management in government, crown corporations and agencies."

That's a shot at one of these.

**The Chair (Mr. Pat Hoy):** "A salary freeze." The motion would be the same as motion number 1 on page 4, except the last paragraph would read, after "implement", "a salary freeze for senior management in government, crown corporations and agencies."

**Mr. Tim Hudak:** Yes.

**The Chair (Mr. Pat Hoy):** Any comment to that? Mr. Prue.

**Mr. Michael Prue:** I need to know who the senior managers are. Are they everybody who's under the

sunset law, over \$100,000, or is it deputy minister level and above? Where is it?

**The Chair (Mr. Pat Hoy):** Mr. Hudak.

**Mr. Tim Hudak:** Yes. I recognize that the committee won't have all the knowledge of the various positions in ministries, agencies and crown corporations and how they'd be ranked. I think it's always important to give some degree of flexibility to the Minister of Finance on how to interpret this, but it would be a demonstration to the general public, in a time of potential significant deficit, that we're doing our best to hold the line on expenses here in the province.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Michael Prue:** Except that I should have used the words "sunshine law," not "sunset." It just occurred to me.

**The Chair (Mr. Pat Hoy):** Mr. Arthurs.

**Mr. Wayne Arthurs:** Just two brief things. One is, Mr. Chairman, as you'd be aware, we've already put constraints on senior OPS salary increases. We have limited those to at or below the current inflationary rate, as a restraint measure, still recognizing the process that we're into.

The other question I have—and I don't expect a ruling, in that sense, at this point—but just as we move forward, how are we going to introduce motions? We do have a group of motions that we want to deal with today. I'm trying to be co-operative in that sense. Amendments to those motions seem always to be in order. I'm just wondering at what point we accept multiple motions on the same topic area, and how best to achieve our end results and still provide the flexibility that members would look for.

**The Clerk of the Committee (Mr. William Short):** It was an administrative deadline.

**The Chair (Mr. Pat Hoy):** The deadline for motions was only an administrative deadline for the purposes of packaging this and having it prepared for the members. Motions could be introduced throughout the day. Mr. Hudak?

**Mr. Tim Hudak:** Yes, Chair, just to give the parliamentary assistant some reassurance: We're not trying to be frivolous or anything here. I sensed that there may have been some room for some compromise on this motion and that's why I've changed it. I don't intend to do this with all the motions, just where I see there might be some potential to get agreement.

**The Chair (Mr. Pat Hoy):** Or motions can be dealt with by amendment as well.

So we're at the point of voting on the third—

**Mr. Wayne Arthurs:** Sorry. My only question in that regard was more so the "when" as opposed to the "if," and whether or not they'd be dealt with in sequence as we move the others, or whether they would be held to another point. I don't need a response at this point either. I'll leave it to the Chair's discretion, obviously.

**The Chair (Mr. Pat Hoy):** We're voting on the third motion put by Mr. Hudak, which would say, after "Minister of Finance," "implement a salary freeze for



senior management in government, crown corporations and agencies." All those in favour? Opposed? That motion is lost.

Now we'll move to number 5, a government motion. Mr. Arthurs?

**Mr. Wayne Arthurs:** I move that the Standing Committee on Finance and Economic Affairs recommends that the government continue to increase the competitiveness of Ontario businesses in the long term by undertaking a systematic review and elimination of unnecessary regulations, as well as undertake tax initiatives to further stimulate growth. For example, the government should continue on its current schedule to eliminate the capital tax.

**The Chair (Mr. Pat Hoy):** Any comment?

**Mr. Wayne Arthurs:** The government has, over time, initiated a number of tax measures to lessen the burden on the tax front, and has done some work in regard to the regulatory burden. We believe that needs to continue, if not be accelerated in some fashion, on the regulatory side. At the very least, we should not fall away from commitments that we've made in the context of tax reductions, the capital tax certainly being a high priority amongst those, having been retroactively eliminated in some sectors. We feel that the government should continue to do this in as expeditious a fashion as possible; within the context of the current schedule would be important. It was a matter that has been raised with us on a consistent basis by business as a regressive tax and one that should be eliminated at the earliest possible time.

**The Chair (Mr. Pat Hoy):** Further comment? Mr. Prue.

**Mr. Michael Prue:** I just want to make sure that I understand this. This is a motion being put forward by government members that says, "Steady as she goes. Don't change anything. This is where we were going in the past; this is where we want you to go tomorrow"—status quo. Is this a status quo motion? It appears that way to me.

**Mr. Wayne Arthurs:** The motion is to not lose sight of the commitments that have been made, in spite of other challenges that are out there. Tax reductions are important, particularly those that are seen by business as being the most regressive and for which there's a plan in place—and not to let those kinds of things slide. As well as this regulatory burden matter, it should be expedited to the greatest extent possible.

**The Chair (Mr. Pat Hoy):** Mr. Prue.

**Mr. Michael Prue:** Here we are in a mess. Here we are, as a government, floundering around, trying to figure out what to do, and here's a motion saying, "Do the same old same old." There's nothing here that I see that's anything new at all. The government has said for the longest time that they want to increase competitiveness by a systematic review and elimination of unnecessary regulations, so the motion is, "Keep doing what you're already doing, and as well, undertake tax initiatives to further stimulate growth," which is what the finance minister has said for the last three budgets. "For example,

the government should continue on its current schedule to eliminate the capital tax." So it's saying, "Continue along that."

The Conservatives are saying, on the one hand, "Eliminate it now," which, whether you agree with it or not, is something new. The Liberals are saying, "Don't change anything the way it is. Just have everything go as if we're not in a crisis, as if nothing's happening."

I don't understand the rationale behind this motion. I don't understand, because it's not advocating any change whatsoever to the Minister of Finance, except to keep doing what he's already doing. It's like last year's motion. I think there was one motion last year: "We commend the minister for what he's doing. Keep doing it." That was the one that passed. That was last year's motion from the finance committee, and this is the same thing again.

1000

**Mr. Tim Hudak:** Who wrote that? I think Sousa wrote that.

**Mr. Michael Prue:** Yes. I mean, I don't know. That's what it is. I don't know why we're having a committee if all we say to the minister is, "Keep doing what you're already doing."

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Arthurs?

**Mr. Wayne Arthurs:** Respectfully, to the member opposite, I think if one were to review the Hansard and the committee work from a year ago, we'd find that there was certainly more than one motion that was passed. I would suggest there was probably a motion or motions passed that came from all around the table. This motion speaks to the need to pay close attention on matters that are regulatory, that frustrate business, to continue that process, to enhance that process, to find further tax initiatives to help stimulate growth; but importantly, not to lose sight of the fact that there is a major initiative to eliminate a capital tax currently in place, and in spite of all the economic activity going on, we shouldn't lose sight of that. We heard from business during this round of our deliberations. They've said that remains a regressive tax and that we should make sure we don't lose sight of the need to eliminate that one as a priority.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Barrett?

**Mr. Toby Barrett:** With respect to government motion 2, it actually covers two major issues. I'm sure it's grammatically correct, I'm sure the commas are in the right place, but it is difficult to vote on a motion that covers two major things: on the one side, regulation and red tape—and I go on and on about rules and forms to fill out and all the things that kind of take the fun out of business—and then, of course, the capital tax, which, as I read it, no change here as to status quo, the current schedule with respect to the capital tax. I don't know whether that would accelerate or assist as far as a stimulus that is now required.

But just leaving that second part, to go back to the first part, if this motion was limited, say, just to that first part

with respect to unnecessary regulation, I would refer to this as the Randy Hillier bill. I was just reading in today's Toronto Sun an article written by Randy Hillier, who had a private member's bill, the Red Tape and Regulatory Review Act, "which the Liberal government soundly defeated in a whipped vote in April 2008," according to MPP Hillier's article. We all recognize that Norm Miller and—gosh, it goes back—a number of MPPs, especially when we were in government, did Herculean work with respect to the constellation of rules and regulations and red tape and forms to fill out and all of the stuff that is not only a barrier to business, but essentially a barrier to enjoying one's work and enjoying business.

As Mr. Hillier points out—and if he was here, I think Randy Hillier would support this motion—in today's newspaper, in his column, "Ontario has more than 500,000 provincial laws and regulations that are killing jobs and investments." He goes on to acknowledge that Mr. McGuinty has taken what Mr. Hillier describes as "a refreshing 180-degree turn from the 'nanny state' tune he's sung to the province since 2003."

It's not mentioned here, but I do know that if we take a look at Hansard, June 2000, Mr. McGuinty is quoted as saying, "red tape is good for us, some red tape is in the public interest, some red tape is helpful and protects us." In that same year, on that same day, actually, Mr. McGuinty indicated, "They might call that red tape. I call that essential and desirable." So we do see a heartening turn in this government's approach to the rules and regulations and things that occur. As legislators—and I don't mean to focus solely on Mr. McGuinty; all of us are here as legislators—we get caught up in a trap, if you will, of introducing legislation and passing legislation. It's like the old saw: When you have a hammer, every problem looks like a nail. We don't seem to spend as much time looking at other options beyond passing legislation and, of course, the attendant regulation that invariably comes along with that. I think that in any given year there are, I'm not sure, 800 or 900 different forms of regulation that come along with the attendant legislation that we have passed over the years. So that part of this bill does fall on fallow ground on this side of the fence, and much of it seems to be in keeping with Randy Hillier's column today in the Toronto paper.

**Mr. Michael Prue:** Again, I just listened to my colleague from the PC caucus and it sent shivers up my spine. "Eliminating unnecessary regulations" was code in the Harris-Eves time for stripping important protection. I just wonder where the government's going with this. Is this stripping protection around food safety, water safety? Is this stripping protection around workers' rights or WSIB and workplace health and safety? What kind of protections are going to be stripped? This is awfully open-ended to me. It seems that we are doing better in Ontario than our American counterparts because we have regulation—because we have it. I'm just not willing to eliminate—I know it says "unnecessary," but I'm just not willing to buy a pig in a poke.

**Mr. Wayne Arthurs:** Just quickly, in the time available, the member makes a good point. It's not the gov-

ernment's intent to strip the regulatory regime as it reflects on the health and safety of the folks in the province of Ontario, but I think we would probably generally agree that there are regulatory restraints on the capacity to do business, in some fashions, in an effective way. It's to expedite the removal of those regulations that frustrate business, but obviously not at the expense of the health or safety of folks in the province of Ontario.

As well, the member opposite wasn't talking about the second part of the motion, which speaks to the capital tax. I think it's important to acknowledge that the minister made a choice to expedite by eliminating immediately, retroactively, the capital tax on manufacturing and some of the resource sector. This motion speaks to the government to continue its current schedule and eliminate the capital tax and is saying to the minister, "Don't lose sight of the need to get rid of this capital tax." I was pleased last year when he had the capacity to be able to make some other changes beyond what would have been recommended to this committee at that point in time, to do some things retroactively. So, at the very least, this will put to his attention the need for the capital tax to be eliminated as one of the priorities that business has put before us on an annual basis, for this one to find an end.

**Mr. Toby Barrett:** Just to continue my comment on regulation, I know it gets confusing when you have a motion that covers two major areas: regulation on the one side and tax on the other. I do hear what Mr. Prue indicated, and it's very important that those words "unnecessary regulation" are in there. We have a situation in Ontario where we assume there will be an announcement at some point with respect to nuclear construction in this province. I don't think this province is doing an environmental assessment with respect to building a nuclear plant. There's a federal EA that's required. I'm not sure; I don't think a provincial EA has been called for or is in the cards.

Wind farms: We may hear a bit about that once the proposal for a green energy act for Ontario is debated in this Legislature. Will the necessary environmental regulation be there with respect to establishment of wind farms? We hear quite a bit about a natural gas peaker plant that is proposed to be built in Ontario's salad bowl—the Bradford-Holland Marsh area. I would not want to see that peaker plant built on some of the best farmland in North America, equivalent to what we see in the Niagara Peninsula or the sand plain down in Oxford, Norfolk, Elgin and Brant counties, without an environmental assessment. So it's key that we recognize the distinction between necessary and unnecessary.

**1010**

I wanted to raise those comments just based on some of the work I do as environment critic.

The second part of this motion is with respect to the current schedule on the capital tax. I don't know whether Mr. Hudak has any further comments on that.

**Mr. Tim Hudak:** Yes, I do. I echo my colleague's comments on the importance of reducing red tape to spur job creation and investment in the province. On the last



point, I think members will see that the next motion is the PC motion on the capital tax. The original schedule would have had it eliminated by 2008, if I recall, in conjunction with the federal government. The federal government actually eliminated it earlier, in 2006, and had some incentives for provinces to accelerate their own capital tax reductions, if they had done so in 2007. So we think we're already behind. We think this is one of the reasons why we've lost so many manufacturing jobs. In our view, the current schedule is actually too late and it's unsatisfactory.

**The Chair (Mr. Pat Hoy):** Any other comment on the motion?

**Mr. Michael Prue:** I did have to leave. Is this motion 6?

**The Chair (Mr. Pat Hoy):** It's 5.

**Mr. Michael Prue:** Oh, we're still on 5. Okay.

**Mr. Tim Hudak:** Chair, again, I think Mr. Prue and Mr. Barrett hit it right on. My view is that this is very similar to the first motion, which was a namby-pamby motion. It doesn't really say much aside from "get out the pompoms and cheer for the government and keep going." It's the status quo. I don't feel that it's worthwhile even casting a vote on this type of motion.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, I'll put the question. All in favour? Opposed? Carried.

Now we're on 6, Mr. Prue.

**Mr. Michael Prue:** Thank you. I did have to duck out, so I just wanted to make sure I was voting on the right one.

**The Chair (Mr. Pat Hoy):** It's a PC motion. Mr. Hudak.

**Mr. Tim Hudak:** Whereas capital taxes are among the most inefficient forms of taxation; and

Whereas few jurisdictions employ capital tax, putting Ontario at a particular disadvantage; and

Whereas the capital tax discourages investment and is shouldered by individuals through higher prices for goods and services, lower wages, and reduced rates of return on savings and investments;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance eliminate the job-killing capital tax immediately.

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Tim Hudak:** As I said a couple of times earlier in this session and in others, we believe that elimination of the capital tax will be highly stimulative to the economy. It will encourage businesses to invest in equipment. That will improve productivity and therefore lead to higher wages. And by producing products of a higher quality and at a more competitive price, we'll increase the number of positions in the manufacturing and financial services sectors.

We do remain optimistic that this will be part of the budget the finance minister brings forward in due course, and we think it's an important part of our recommendations today.

**Mr. Michael Prue:** Just a question: How much is this going to cost the treasury? A lot of money flows in from

this capital tax. Although they are declining amounts over the years, it's still a lot of money. If it's immediately gone, how much is that going to cost the treasury? And then, how much further is that going to put the government in deficit—which you don't want to happen. I need to understand this.

**Mr. Tim Hudak:** It's a fair question from my colleague. I don't have the numbers at hand in terms of what the impact on the treasury would be, because it accelerates an existing plan and expands it beyond the manufacturing sector—the accelerated rate.

I do know that it would be a costly initiative, but our view is that it would spur job creation and investment in the province and bring in future revenues. That's why it's important to do it in a quicker time frame.

**Mr. Michael Prue:** This would also include the oil companies, which last year made the grossest profit in the history of the world. Do you believe they should be getting a capital tax decrease so they can make even more money off the backs of consumers?

**Mr. Tim Hudak:** Our view is not to pick and choose what individual companies are impacted by capital tax. We want it to be a sensible approach. Our view is that's a job-killing tax and to eliminate that tax immediately for any company in the province of Ontario that's paying it. I don't think you could impose an individual tax on individual companies. We want to see broad-based tax relief.

**The Chair (Mr. Pat Hoy):** Further comment? Mr. Arthurs?

**Mr. Wayne Arthurs:** We won't be supporting this motion. I think the motion that just went before this clearly put out the position that the government caucus wants to ensure that the minister is aware of.

Last year alone, the retroactive elimination for manufacturing resulted in \$190 million in rebates to the manufacturing sector. All of these things are dependent upon, obviously, the fiscal capacity that the minister will find that he has available: both income streams, i.e. revenues and what's happened to those, as well as the expenditures. We think that at this stage he'll be staying on course. This is what business was asking us to do. If the minister finds that he has additional fiscal capacity, he'll make determinations on how best to use that room, if there is any. But our earlier motion speaks to our position, which would be contrary to the one that the PC caucus has before us at this point in time.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, I'll put the question. All in favour? Opposed? The motion is lost.

Number 7, NDP motion. Mr. Prue?

**Mr. Michael Prue:** The motion reads as follows:

Restore capital tax on financial institutions:

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its FY 2009-10 budget, restore the capital tax on banks and insurance companies to the original 2005 level. This would increase revenues by approximately \$600 million.

By way of rationale, when the government came into—the last year of the Conservative government, that was the original 2005 level. The government has given further reductions to institutions, which are doing very nicely, thank you. Both the banks and the insurance companies are bedrock-solid. There's been no indication of layoffs or downturns to these, and we believe that the government could use the extra revenues.

We are trying to be fiscally responsible here. We understand the government is going to have to run a deficit, but the question is, how big a deficit. If you can find additional revenues—and I think that these companies can afford to pay a little bit additional—by going back to the 2005 levels, that will bring in approximately \$600 million to offset the costs of those areas and those places in need, particularly manufacturing, the forestry sectors and others, so that we can have like plans to redistribute the wealth and protect jobs in those sectors which are vulnerable.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Arthurs?

**Mr. Wayne Arthurs:** Just a comment similar to the one I made a few moments ago. The last government motion that was presented spoke to the elimination of the capital tax within the context of plans currently there. As I said to the member opposite from the PC caucus, his motion would be certainly contrary to what we had passed. Similarly, this particular motion would be contrary to the position that the government caucus took with respect to its own motion.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Tim Hudak:** Yes, I'll be quick. Obviously, this runs contrary to our preceding motion, and the PC members will be voting against it.

**Mr. Michael Prue:** I can state for the record that I don't believe that capital tax reductions for banks and insurance companies are going to protect jobs. We need a tax system that rewards new investment and job creation. Deficits are a fact of life in the short run. We all know that this government is going to be forced to and run a deficit this year, and possibly years into the future. This motion reverses the Liberal-Conservative tax giveaway to the banks and insurance companies. We think it's better to invest money in creating jobs in public services like health and education and making important investments in reducing poverty. The \$600-million investment that we could make with this would be far better for the health of the economy in the long term.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

What I'm going to do, committee, is recess now so that we can allow members to get to the House for question period. We will recess now and reconvene at 2:30.

*The committee recessed from 1020 to 1432.*

**The Chair (Mr. Pat Hoy):** The standing committee will come to order once again, as we continue our report writing.

I believe we are on page 8, an NDP motion, so we'll have Mr. Prue read it into the record.

**Mr. Michael Prue:** Fair share tax:

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its FY 2009-10 budget, create two new upper-income tax brackets to offset declining revenues and rising costs associated with job stimulus and social services: one at 12.16% for those earning above \$150,000, and another at 13.16% for those earning above \$250,000. This represents a 1% increase in the tax bracket for those making between \$150,000 and \$250,000, and a 2% increase in the tax bracket for those earning above \$250,000. These tax changes are estimated to raise \$1 billion in revenues.

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Michael Prue:** Just in a nutshell, this is a tax bracket increase for those making over \$150,000 and a larger increase for those making over \$250,000. It was the Conservative government that went ahead with multi-billion dollar tax cuts that disproportionately went to upper-income friends. The Liberal government followed this with a regressive health tax.

We think that taxes should be based on the ability to pay. These increases will have a marginal impact on upper-income earners while helping to balance the budget more quickly and make important social investments. It will raise approximately \$1 billion in revenue for the government. We are also mindful that governments, no matter who they are, are not anxious to run higher deficits than need be. In times of belt-tightening, those who can best afford it, those who would be in the top 1% of all income earners, those above \$150,000, surely can pay a marginal amount more in order to help Ontario through its difficult times.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment?

**Mr. Wayne Arthurs:** Just briefly, Mr. Chairman, while I appreciate that the motion as brought forward by the member opposite is certainly consistent with the debate and motions we may have heard in the House at various points in time, it's not a position that the government caucus members could support.

**The Chair (Mr. Pat Hoy):** Further comment?

**Mr. Michael Prue:** The government caucus, I would take it, would support running a bigger deficit.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Toby Barrett:** In these economic times, I don't feel this is the time to jack up taxes. If anything, I feel we should be searching for ways to lower the burden, not only on the businesses that we're trying to retain or attract, but also on those people who are willing to work or do the extra work or take on some of the more onerous responsibilities in our society.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, I'll put the question: All in favour? Opposed? The motion is lost.

Number 9 is also an NDP motion.



**Mr. Michael Prue:** Allow individuals to designate a beneficiary for their tax-free savings account:

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its FY 2009-10 budget, allow individuals to designate beneficiaries for their tax-free savings account. Without such a change, the TFSA will be considered part of the estate and survivors will be required to pay probate taxes on it.

By way of argument, if no changes are made to the legislation or regulation, the new tax-free savings account would be considered part of an estate and probate taxes would be applied. British Columbia, Prince Edward Island and Alberta have done what we are proposing already, and other provinces are likely to follow suit. It seems to me that you don't want to make this new savings account probatable.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Arthurs.

**Mr. Wayne Arthurs:** This is a motion I think the government caucus can support, save and except for the last sentence, which really doesn't—it's not an action sentence. If the sentence had been a preamble of some sort—but if one were to drop the last sentence and simply speak to the matter, it's something we could support. It's descriptive as opposed to germane to the motion itself, the "be it resolved" clause.

**Mr. Michael Prue:** So what do you want to do—delete the last line?

**Mr. Wayne Arthurs:** Delete the last sentence.

**Mr. Michael Prue:** I can live with that.

**The Chair (Mr. Pat Hoy):** Would someone amend it then?

**Mr. Wayne Arthurs:** I move an amendment that we delete the last sentence in the motion.

**The Chair (Mr. Pat Hoy):** Okay. We'll speak to the amendment.

**Mr. Toby Barrett:** Just for my own clarification, this is the federal government's tax-free savings account that just kicked in this year? Is that what we're referring to?

**Mr. Michael Prue:** Yes, that's the one. It's the new one, where you can put up to \$5,000 and not pay taxes on it. It's a fairly small amount of money, but if you die, then it's probatable. Whoever gets it is losing a bundle, which they would not have lost if you hadn't put it in that tax-free savings account in the first place.

**Mr. Toby Barrett:** It's a good idea. "Tax-free" has a nice ring to it as well.

**The Chair (Mr. Pat Hoy):** Any other comment? On the amendment to delete the last line of number 9: All in favour? Opposed? Carried.

Now to the amendment, as amended. Any other comment? Mr. Hudak.

**Mr. Tim Hudak:** This is the way that RRSPs tend to work, and other such benefits—that you can designate a beneficiary?

**Mr. Michael Prue:** Yes, and it doesn't get probated. But this one here hasn't been covered in Ontario yet.

**Mr. Tim Hudak:** I'm willing to support it. It sounds good.

**The Chair (Mr. Pat Hoy):** Are we ready for the question? All in favour? Opposed? Carried.

Number 10 is a PC motion. Mr. Hudak.

**Mr. Tim Hudak:** Whereas Ontario has a highly uncompetitive tax structure in Canada, including the highest marginal tax burdens on business investment among competing jurisdictions; and

Whereas all other provinces in Canada are moving towards cutting business taxes in order to stimulate investment and job creation;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance produce a schedule to lower the corporate income tax rate for all businesses in Ontario to foster investment and job creation.

We just think that tax competitiveness would be important for future job creation as it helps stimulate the economy. We're giving some flexibility to the minister to produce a schedule—we realize that he can't make all the directions in one fiscal year. I do hope that this one will win the minister's support.

**The Chair (Mr. Pat Hoy):** Other comment?

**Mr. Michael Prue:** Am I naive, or is there not already a schedule, a time frame, over which this will be reduced?

**Mr. Tim Hudak:** There's a capital tax schedule; I don't think they made a commitment to the corporate tax.

**Mr. Michael Prue:** Okay.

**The Chair (Mr. Pat Hoy):** Mr. Arthurs.

**Mr. Wayne Arthurs:** The government, over a period of time, has made some substantive changes to business taxation. I think, as things are fully implemented—some \$3 billion annually; the recent \$190 million on the capital tax rebate; the business education savings tax. From an earlier motion that we presented, referring to the capital tax, at this time, we're satisfied with that as the primary objective. Having listened to the business representation that we had, there were a variety of messages, the principal one being, though, the elimination of the capital tax as soon as reasonably possible.

1440

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, I'll put the question. All in favour? Opposed? The motion is lost.

Number 11, a government motion. Mr. Arthurs?

**Mr. Wayne Arthurs:** The Standing Committee on Finance and Economic Affairs recommends that the government continue to offer supports and job training to Ontarians affected by the global economic downturn and that the government also undertakes to consider a number of measures that would further assist low-income Ontarians.

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Wayne Arthurs:** I think we heard from any number of witnesses during our hearings, particularly on the poverty agenda, to not abandon it, to not take the current economic climate as a window or an opportunity,

as some might say, to go in a different direction. It should remain a priority. We need to continue to offer our support for low-income Ontarians. This motion speaks to that need on behalf of those witnesses who spoke to ensuring that we keep our eye on the ball as it relates to poor Ontarians.

**Mr. Michael Prue:** This is a motion that doesn't mean anything to me. It's a motion that says that "the government continue to offer" support, so it's no change at all from what the government is presently doing around job training, and that "the government also undertakes to consider a number of measures," without being specific about what they are. What you're offering as advice to the minister is, "Keep doing what you're doing," on one front, and, "Consider any other options that might be out there." What kind of advice is that?

**Mr. Wayne Arthurs:** In my view, it's the type of advice that was given by our witnesses during our hearings when they asked us to ensure that the poverty agenda for poor Ontarians stays on the economic agenda of the government and to not allow that to be put on the back burner in spite of the economic climate. I believe this motion speaks to that priority—for the minister to understand broadly. That's what we're hearing from a large number of Ontarians.

**Mr. Tim Hudak:** I think Mr. Prue has a good point. Are there any specifics that the government is speaking to in this motion?

**Mr. Wayne Arthurs:** The specifics are the types of initiatives that are currently in place—to ensure that those do continue—and such other measures as the finance minister finds himself in a position to be able to give consideration to, not the least of which are the continued increases to the minimum wage; the Ontario child benefit as a broad one; and the initiatives that were put into the budget last year for dental support for low-income Ontarians. So there are a number of measures that are currently in place and being implemented, and the witnesses said, "Don't lose sight of those." This is a broad way of saying to the minister, "What we heard was, 'Don't lose sight of your responsibility to lower-income Ontarians and those in need.'" This motion attempts to speak to that need.

**The Chair (Mr. Pat Hoy):** Mr. Prue.

**Mr. Michael Prue:** I listened, but I still don't see anything that this committee is recommending, just, "Go out and do the same as you're already doing. Don't change anything. Look at the stuff you've promised to look at, but don't really have any plan." I contrast this with—and I know we're not on it—the one we put in next, motion 12. There, there are six key and specific things that we are asking the minister to do. You are asking the minister to do nothing.

This is just so much fluff to me. I don't know why it's even here, because I don't know what it's going to do. So I can't support it because it doesn't say anything to me. If it was specific, if you had some specific goals, even if you had one of the six we had down there, I would support it, but there's nothing there.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Hudak?

**Mr. Tim Hudak:** The same as I said in the morning session: If the government is not putting forward any kind of substantive motions, I don't want to give them credit by even casting a vote on it. This is just apple pie and motherhood and not worth serious consideration, because there are no details and no new measures.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Opposed? Carried.

Number 12. Mr. Prue?

**Mr. Michael Prue:** A real motion.

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its FY 2009-10 budget, introduce an anti-poverty program with a cost of approximately \$1.2 billion, consisting of the following measures:

- increase the Ontario child benefit to \$1,100 a year, at a cost of about \$340 million;

- increase the shelter benefit component of the Ontario Works and Ontario disability support program to 85% of average market rent, costing approximately \$520 million;

- invest \$100 million to create new child care spaces;

- end the 50% clawback on employment earnings of ODSP recipients, costing approximately \$100 million;

- expand dental coverage to low-income children and uninsured persons, costing approximately \$100 million;

- increase the minimum wage to \$10.25 per hour.

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Michael Prue:** This is a poverty plan. This isn't just fluff. This isn't just telling the minister to go out and examine options. I think the majority of deputants that came before us were talking about an anti-poverty plan. They didn't say not to lose sight of it; they were asking for specifics. This encapsulates most of them.

I realize it's expensive and I realize it costs \$1.2 billion, which is why we put in some of the other motions, hoping against hope that the government would seize upon some ways of expanding revenue so that the much-vaunted poverty plan would be given some muscle and some teeth.

These are the things that we expect can be done, should be done, and, if the government has the guts, I guess, to go out there and earn some additional revenue and find \$1.2 billion, this is precisely what I would do to fix it. I would hope, although I must be a dreamer, that the government would want to do something similar.

**The Chair (Mr. Pat Hoy):** Comment? Mr. Hudak.

**Mr. Tim Hudak:** Again, I commend my colleague for bringing forward a detailed plan that has a significant costing element to it. He's put some effort into it. The PC caucus does have some concerns about some of the spending initiatives. I think Mr. Prue probably noted my colleague Bob Bailey from Sarnia-Lambton today expressing concerns on behalf of small businesses about the current scheduled minimum wage increases and the impact on jobs that that's having in our current economic



state. Therefore, while I do commend Mr. Prue for his efforts here, I cannot support this particular motion.

**The Chair (Mr. Pat Hoy):** Thank you. Mr. Arthurs.

**Mr. Wayne Arthurs:** I respect the member's efforts to bring forward specific numbers. The government has put in place initiatives over the past few years, including the Ontario child benefit, including provisions for dental care, and including managed and staged increases to the minimum wage. You can see where the motion, as it's presented, would run contrary to what the government caucus members would see as a strategy. Should the minister find within the capacity available to him to do one or more of these or some element of them, I'm sure those are the kinds of things that he may very well be looking at. Thus, our last motion spoke to the need to continue to move forward.

I understand when the member opposite from the official opposition speaks to motherhood and apple pie, but that's not what these are about. These are about providing direction to the minister in the formulation of details of a budget. We're not writing the budget for him, nor are we, in my view, setting government policy by virtue of some of the work that this committee attempts to do. I'm respectful of what's being put forward, but this is not a motion that we could accept.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Number 13 is a government motion. Mr. Arthurs.

**Mr. Wayne Arthurs:** The Standing Committee on Finance and Economic Affairs recommends that the government renew their contribution to the Canadian Youth Business Foundation to help encourage entrepreneurship and innovation among Ontario youth, which contributes to the growth of the provincial economy.

**The Chair (Mr. Pat Hoy):** Any comment?

**Mr. Wayne Arthurs:** Briefly, we did hear from the Canadian Youth Business Foundation. We had a young entrepreneur who was here in Toronto presenting to us at that time, making a request for us to continue our support of those initiatives. I understood from that witness when they were there that they have been working with the federal government for funding as well. Certainly, we want to see opportunities to support young entrepreneurs as they build economic opportunity. Frankly, it's one of those elements which, when you're looking for specifics, provides an opportunity to speak to a matter that might not otherwise come directly to the minister's attention.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Prue.

**Mr. Michael Prue:** Did the program have a shelf life? Was it about to be axed?

1450

**Mr. Wayne Arthurs:** My understanding from the witness is that there was a funding window where funding was provided for, I believe it was, a three-year window, and that window would collapse with this budget.

**The Chair (Mr. Pat Hoy):** Mr. Hudak?

**Mr. Tim Hudak:** I remember the presentation. I thought they did a good job—the Canadian Youth Business Foundation. I think this is a commendable amendment and we do have some detail in here, so I'm willing to support government motion number 4.

**The Chair (Mr. Pat Hoy):** I'll put the question. All in favour? Carried.

Number 14, a government motion.

**Mr. Wayne Arthurs:** The Standing Committee on Finance and Economic Affairs recommends that the government, in order to continue to provide further support to the forestry sector in Ontario, maintain for at least one year the current crown-due rates for poplar and birch.

**The Chair (Mr. Pat Hoy):** Any comment?

**Mr. Wayne Arthurs:** We heard from the forest industry, who obviously have a number of items on their agenda. One of them had to do with the crown rates for hardwoods. Again, a similar type of exemption had been applied in the last year, and they were certainly seeking to see that extended. It's something that, as the government caucus, we think would make sense in supporting the forest industry in a very significant and focused way.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Michael Prue:** I'm going to support the motion, but I think the forestry sector, quite frankly, needs a lot more than what is contained in the body of this motion. Maintaining for at least one year the current crown-due rates for poplar and birch is a good idea, but I think we as a finance committee should have been talking about the electricity cost crisis and stable industrial hydro rates and things like that that would be far more advantageous to the forest industry than extending for at least one year the current crown-due rates.

**The Chair (Mr. Pat Hoy):** Mr. Hudak.

**Mr. Tim Hudak:** A question back: Are there other amendments or motions coming forward on behalf of the government on the forest industry sector?

**Mr. Wayne Arthurs:** I believe that's the only one.

**Mr. Tim Hudak:** That's the only one? Similar thoughts to Mr. Prue: I think this is one thing that the forest industry sector did ask for, if I recall. It's one on a long list. I think it's down the list compared to some other issues around energy and access to the wood basket and some red tape issues, but nonetheless it is one initiative to help a very beleaguered sector, and I'm pleased to support this.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Wayne Arthurs:** I think it's our objective to ensure we don't reintroduce costs that the industry has not had on its plate for the past year or more, so I'm pleased to hear the support.

**The Chair (Mr. Pat Hoy):** Anyone else? All in favour? Carried.

Number 15 is a PC motion. Mr. Hudak.

**Mr. Tim Hudak:** Forest industry:

Whereas the Ontario forest industry is in crisis; and Whereas Ontario has lost nearly 10,000 high-paying forestry jobs since 2002 and more jobs are at risk every day; and

Whereas burdensome, business-killing red tape is delaying the transformation of the industry by unnecessarily driving up delivered wood costs and mill operating costs; and

Whereas the time lost and uncertainty in the process drives investment elsewhere;

The Standing Committee on Finance recommends that the government takes immediate action to reduce the red tape burden faced by the forestry sector to ensure the forestry sector regains lost competitiveness, including a secure energy supply that is reliable and competitively priced.

**The Chair (Mr. Pat Hoy):** Any comment?

**Mr. Tim Hudak:** There are some general principles here that I think reflect largely what we heard from the many forest industry sector spokespeople, both on the union side, those that are on the ownership side and municipal leaders. It's complex; there were more details in their individual presentations. I think this captures some of the common principles among the various presenters that we heard from.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Michael Prue:** I've only been around here seven years, but it seems to me that it was the whole privatization model that was espoused and acted upon that has sent us down this path. So I'm really happy to hear this motion being presented by my colleague Mr. Hudak, because he's now starting to talk about a secure energy supply, and competitively priced. I hope this is the harbinger of good things to come.

**The Chair (Mr. Pat Hoy):** Any other comment?

Hearing none, I'll put the question. All in favour? Opposed? The motion is lost.

Number 16: Mr. Hudak.

**Mr. Tim Hudak:** Okay. Actually, I thought that would pass. I'm taken aback.

Mid-peninsula corridor—new environmental assessment process:

Whereas the current environmental assessment on roads, bridges and highways can take several years; and

Whereas the new EA streamlined process on transit projects would have strict time limits; and

Whereas the mid-peninsula corridor highway development would bring substantial economic benefits to Niagara, Haldimand, Hamilton and the western GTA; would dramatically increase highway safety; would improve the environment by reducing gridlock; and would help create a dynamic North American trade corridor;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance include roads and highways in the new streamlined environmental assessment process to accelerate the mid-peninsula corridor and see it completed within a defined and accelerated time frame.

Basically, in a nutshell, the mid-peninsula corridor is way behind the original schedule announced by then-Transportation Minister Brad Clark in 2002. In fact, early studies were tossed out. They have been redone. I think we are approximately six years behind. I was heartened

to see that the government is interested in speeding up the EA process around transit projects. I would similarly like to see it extended to needed highway projects like this—a major boon to the economy in the areas that I mentioned.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Arthurs.

**Mr. Wayne Arthurs:** I feel pretty positive that the Minister of Transportation would be interested in the views of Mr. Hudak and the PC caucus on this matter. It doesn't mean we're going to support the motion, but I'm sure the minister would be interested, given the long history of this particular project. I know your interest in it.

**The Chair (Mr. Pat Hoy):** Mr. Prue.

**Mr. Michael Prue:** I'm a little reluctant to support this one, because major highway projects have significant impacts on everyday Ontarians. I'm not sure that speeding up the process is good environmentally, because the highways cut a broad swath across land. They have to be connected, so they go through farmland, they go through swamp, they go across rivers—they have an impact no matter how they're built. I think we need to be very clear and very careful in terms of the environment and the impact that it's going to have on Ontarians.

So I don't want to include this with other environmental projects which are designed to speed up the production of energy. I think it's quite the opposite: This will have a detrimental impact if we go down this route.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Hudak.

**Mr. Tim Hudak:** Yes. Six years is far too long, and we have not even completed the EA process, let alone acquisition and build. I do think that my friend the Minister of Transportation, if he knew that he had the support of folks like Arthurs, Lalonde and Sousa, would be far more likely to get this project going. I do hope for their support—as well as Mr. Prue's, of course.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Number 17: Mr. Prue.

**Mr. Michael Prue:** Water-taking fees:

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its FY 2009-10 budget, increase fees for water-taking by water-bottling companies so that the fees cover the full economic, social and environmental value of Ontario's water.

By way of explanation, bottled water companies should pay the full social cost, economic and environmental, of drawing public resources. Water is a public good and should be treated that way. Right now, we're practically giving away water. With all the environmental costs of the tableland, of the plastics, the PET going into landfills—although I know it's supposed to be recycled—and all of that, we should be looking to at least get back the costs of allowing such business to continue.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Arthurs.



**Mr. Wayne Arthurs:** It's my understanding that we really are just in the early throes of finally charging high-consumptive industrial-commercial water users for the water that they do draw from the system. We feel that, at this time, it's a contributory share that's fair under the current environment. I believe they're paying just under \$4 per million litres that they're drawing from the system at this point in time. It really is a phase one, I think, of a longer-term strategy. So at this point, we will not be supporting the NDP motion.

1500

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Number 18, a PC motion. Mr. Hudak?

**Mr. Tim Hudak:** Whereas the current economic crisis has had an enormous impact on small business in Ontario; and

Whereas securing financing in the current capital market has proven to be challenging, especially for small and medium-sized enterprises (SMEs); and

Whereas credit unions have a strong history of supporting small businesses in their communities;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance increase the availability of financing to SMEs by creating an Ontario-specific program similar to the Canada small business financing program through the credit unions.

This is a program, members might be aware, that the federal government sponsors. It helps to subsidize the risks that banks take for some small and medium-sized enterprises. There was an increase in the recent federal budget, given the substantial impact of the credit crisis on the business sector.

While Ontario has no regulatory role over the banks, we do have such for the credit unions, and a strong partnership. I thought it might be appropriate for the province to pursue a similar type of arrangement through the credit unions in Ontario.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Michael Prue:** I think it's a good motion; I'm going to support it—anything that we can do to help small business, who are having, in some cases, difficulty dealing with the large multinational and Canadian banks. If there are lending institutions like credit unions that are out there and the government can do what it can, even in a limited way, to help people requiring loans, it seems like a good idea.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Wayne Arthurs:** Just that in the fall economic statement in 2007, there was a 25% increase in the small business deduction threshold. We think that's a fairly substantive initial move at this point in time. It's the kind of motion that we may want to look at further but we are not going to support today.

**Mr. Tim Hudak:** Just to make sure—I don't know if I got all the details on the record. This was submitted to members by the credit unions through Central One in a

written presentation; they didn't have the opportunity to present at committee.

One of the major issues we're all hearing about in our ridings is access to capital for small businesses through the banks. The way it works is that the provincial government, through the credit unions, would help underwrite the loans. In the case that one of the companies were to not be able to make good on that loan, they would assume some of the risk. It has been successful on the federal level to the extent that the federal government has increased the funds dedicated to it. It seemed a very reasonable approach to take here, considering the depth of the challenge for the small business sector in Ontario.

**The Chair (Mr. Pat Hoy):** I'll put the question. All in favour?

**Mr. Tim Hudak:** Recorded vote, Chair.

Ayes

Hudak, Prue.

Nays

Aggelonitis, Arthurs, Lalonde, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.

Number 19, an NDP motion. Mr. Prue.

**Mr. Michael Prue:** Buy Ontario:

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its FY 2009-10 budget, introduce a Buy Ontario program requiring a minimum of 50% domestic content in all transit vehicle purchases, along with domestic final assembly requirements. The Buy Ontario program should also be applied to municipal infrastructure, green energy projects, and broader sector procurement (e.g., hospitals) to sustain jobs in Ontario.

By way of explanation, millions of Ontario tax dollars are going into transit but Ontarians have no assurances that streetcars, buses and subways will actually be built here. We need a 50% buy-Ontario rule for transit. This should also be extended to municipal infrastructure, green energy projects, and other procurement in the broader public sector.

The Premier talks about creating 50,000 jobs through an alternative energy program. It's not going to happen without a procurement policy. The windmills and solar panels will be built in Germany or in California or somewhere else and not here. If you have a 50% procurement program—which is allowed under NAFTA because, as I'm given to understand, in the government's own words the other day, we are a sub-national jurisdiction—then I think we should make every effort to ensure that those products are built here and that there is a requirement that they be used here.

I was saddened when I went to Sarnia as part of the leadership tour and met with Mayor Bradley, who explained to me that for the largest solar farm in Canada,

which is going to be located in that city, all of the solar panels are coming from California. He said he would have much preferred to have got them in Ontario, but there was no company willing to set up here unless there was some kind of program in place that would ensure a Canadian market. I think that was an opportunity missed, and it ought not to be missed again.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Arthurs.

**Mr. Wayne Arthurs:** Just quickly: The government has implemented a 25% Canadian content policy for transit vehicles that are funded by the province already. I think the obvious concerns that we'll hear about are the protectionist nature of some of the programs. This one speaks to 50% of domestic content in transit vehicles. I'm assuming, though, that you're also speaking to 50% domestic content in all of those other matters in the final sense, not just the transit vehicles.

**Mr. Michael Prue:** Absolutely, yes.

**Mr. Wayne Arthurs:** On the transit front, the practicality is that Metrolinx's regional transportation plan will actually see something better than 80% of the committed dollars being spent in Canada, whether that's engineering, design, construction or rolling stock. A large amount of the very significant amount of the overall dollars is certainly being invested here at home.

**Mr. Michael Prue:** Then this should be a no-brainer. They're already doing 80%; I don't understand why we would leave it at 25%.

**Mr. Wayne Arthurs:** My comments were that the 25% provides for direct content. The 80% speaks to the broader investments that are being made. Those investments are being made here in Canada. It's not as though those monies are flowing outside the province, or outside the country in this case.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Michael Prue:** I'd like a recorded vote, please.

Ayes

Prue.

Nays

Aggelonitis, Arthurs, Hudak, Lalonde, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.

Number 20 is also an NDP motion.

**Mr. Michael Prue:** Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its FY 2009-10 budget, establish a jobs protection commissioner who would be a strong jobs advocate with a clear mandate to bring workers, employers, creditors, investors and community leaders together to put troubled businesses back on a solid footing and save jobs.

By way of explanation—we've been talking about this for months in the Legislature. We thought we'd try it

again. Right now, Ontarians need an active government to work with employers considering layoffs and with their workers and investors to protect jobs and keep the lights on. Layoffs are happening without the government even knowing about it, let alone doing something about it. This jobs commissioner would be called in at the first sign that a company was going to be laying off and shutting down plants, and would see whether or not there was some way the government could assist in keeping them open. It seems to me that any job we could protect would be a good step forward.

**The Chair (Mr. Pat Hoy):** Comment? Hearing none, all in favour? Opposed? The motion is lost.

Number 21 is a PC motion. Mr. Hudak.

**Mr. Tim Hudak:** Long-term care:

Whereas the McGuinty government broke its 2003 promise to seniors to provide an additional \$6,000 in care for each nursing home resident; and

Whereas more than 24,000 Ontarians are on a waiting list for a long-term-care bed;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance expedite the redevelopment of Ontario's 35,000 oldest long-term-care beds.

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Tim Hudak:** This is something that my colleague the health critic, Elizabeth Witmer, has put forward in the House. It would build on the previous PC government initiative to rebuild about 20,000 beds across the province. This would ensure that those living in long-term-care homes have a far more modern and home-like environment. They can be financed over time through the per diem payments.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Michael Prue:** I don't have any problem with the motion, but I have two questions before I support it. Number one is, how much is it going to cost, and where is the money going to come from?

**Mr. Tim Hudak:** I could get back to the member. I don't have the cost at hand. It was probably part of the debate when the resolution was tabled in the Legislature. In my recollection, it's paid over a long period of time through the per diem—at least that was the model that was used previously. So the impact in the short term on the budget is quite limited, but again, bringing this on behalf of my colleague, I'd have to look back to get the exact number for him. I'm sure that if the resolution were to pass, the Ministry of Finance could also provide those figures.

1510

**Mr. Michael Prue:** Okay, and the per diem would be paid by the people who live there—

**Mr. Tim Hudak:** No, no. Sorry, the per diem transfer from the Ministry of Health to the long-term-care home, to be clear. Thanks for asking.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Sousa.

**Mr. Charles Sousa:** I just want to reinforce the fact that the government has taken it seriously, in terms of



long-term care. We've worked hard to put in progress a comprehensive strategy for long-term care: increasing staff capacity by adding 2,500 more support workers and nurses, and better living environments by rebuilding 35,000 beds over the last 10 years. Our record, I think, speaks for itself by investments of over \$1 billion, and we'll continue to do just that.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

An NDP motion on page 22: Mr. Prue.

**Mr. Michael Prue:** Health.

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its FY 2009-10 budget, increase spending on health care by \$550 million, above the increases already budgeted for the 2008 fall economic statement, through the following measures:

- reverse the decision to delay the hiring of 3,000 nurses, costing \$50 million;

- implement a guaranteed minimum of 3.5 hours of daily care in Ontario's long-term-care facilities, costing approximately \$400 million; and

- provide basic dental care, including prevention, to children and uninsured persons, costing approximately \$100 million.

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Michael Prue:** By way of explanation, this is a health proposal, and it includes a proposal to reverse the government's delaying of hiring 3,000 nurses. We think that this is not a good step. Driving in today, I heard a couple of radio ads on two different stations, with the nurses challenging what this is going to do to health care in the province of Ontario. It seems to me they're probably right. The reduction of that many nurses who are obviously needed and who the government said were obviously needed in the fall economic statement is going to be detrimental to health care.

The other ones are just asking the government to live up to the commitment that they made, not during the last election but during the first one, to provide a minimum of 3.5 hours of daily care in long-term-care facilities to take us to the average offered across Canada, and not at the lowest level—because Ontario is at one of the lower levels, if not the lowest level, of care provided.

The last one is for basic dental care, which the government promised to do. This would bring it in line with what promises were made in the past.

**The Chair (Mr. Pat Hoy):** Thank you. Further comment? Mr. Sousa.

**Mr. Charles Sousa:** As the committee knows, the health care budget is the biggest part of our budget in total. We've invested over \$11 billion since 2003. We certainly will continue to hire more nurses, possibly not as fast as we may have wanted to, given the circumstances before us, but we will continue to make improvements to health care: shortening wait times, promoting and preventing illnesses, and modernizing the health infrastructure.

**The Chair (Mr. Pat Hoy):** Thank you. Further comment? Hearing none, I'll put the question: All in favour? Opposed? The motion is lost.

Government motion 23: Mr. Sousa.

**Mr. Charles Sousa:** The Standing Committee on Finance and Economic Affairs recommends that the government, recognizing the global economic crisis, continue in the 2009 budget to provide school boards and hospitals with multi-year funding levels to allow for long-term planning.

**The Chair (Mr. Pat Hoy):** Any comment?

**Mr. Charles Sousa:** We want to ensure that sectors are aware of multi-year funding levels, like in previous years. It helps them, in essence, to plan their purposes.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Hearing none, I'll put the question—oh, Mr. Hudak.

**Mr. Tim Hudak:** This is similar to some of the other government motions, sadly, that basically say, "Stay the course." There's nothing new here. It's basically saying, "We're doing fine; keep doing the same thing."

**Mr. Charles Sousa:** We want to make certain that the sectors are aware of what's going on and that they can pre-plan effectively.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Hearing none, all in favour? Opposed? The motion is carried.

An NDP motion, page 24: Mr. Prue.

**Mr. Michael Prue:** Refinancing of school board bonds:

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its FY 2009-10 budget, refinance school board bonds, which are guaranteed by the province, to take advantage of the interest rate spread between school board bonds and "standard" government of Ontario bonds, a function of the current financial crisis.

By way of explanation—I was surprised to learn this—the economic crisis has impacted the bond market in a strange and irrational way, with the market making bonds issued by school boards but guaranteed by the province more expensive than bonds issued directly by the province. The government could save millions of dollars by refinancing the school board bonds themselves. This is an attempt, through this motion, to help the government save millions of dollars and hence, the school boards as well.

**The Chair (Mr. Pat Hoy):** Mr. Hudak?

**Mr. Tim Hudak:** A very intriguing idea, and there's no doubt that the credit crisis is probably having a lot of impacts that nobody anticipated. Did this come from presentations?

**Mr. Michael Prue:** Yes. It came, actually, from Hugh Mackenzie.

**Mr. Tim Hudak:** Let's give it a shot. At the very least, the Minister of Finance should investigate the facts behind this and if the facts are correct, then proceed.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none. All in favour? Those opposed? The motion is lost.

PC motion on page 25. Mr. Hudak.

**Mr. Tim Hudak:** Whereas roads and bridges are the all-important links between communities across Ontario; and

Whereas municipalities across Ontario are struggling with the high costs of maintaining their roads and bridges; and

Whereas the economic vitality of Ontario depends on the safe and efficient movement of people and goods;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance provide an ongoing funding arrangement to municipalities for roads, bridges and other infrastructure projects, providing long-term predictability and merit-based funding.

**The Chair (Mr. Pat Hoy):** Comments?

**Mr. Tim Hudak:** What we're getting at here is that predictable funding arrangements are preferable, where they can occur. For example, the federal gas tax money flows to each municipality based on their formula on a predictable basis, so they can put it into either roads or transit. While some municipalities are successful in their applications for the competitive grants, many put considerable resources into them and fail to access any grants at all. So we'd like to see the government enhance the approach of providing ongoing and predictable funding instead of a lottery system.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Prue.

**Mr. Michael Prue:** I wish had it been a little bit more specific, to include the words "transit" and "housing," but I would agree that the need for long-term funding and predictability is a good thing. I will support the motion in the spirit that the words "other infrastructure projects" cover things that I think should have been mentioned specifically.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Sousa.

**Mr. Charles Sousa:** You know, we've done much in regard to our relationship with municipalities, increasing infrastructure spending to quite an extent. While I appreciate the intent of what was being put forward, we also have to recognize some of the issues that take place. We won't be able to support that motion.

**The Chair (Mr. Pat Hoy):** Thank you. I'll put the question. All in favour? Opposed? The motion is lost.

NDP motion, page 26.

**Mr. Michael Prue:** Accelerate the municipal upload:

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its fiscal year 2009-10 budget, accelerate the planned upload of municipal responsibility of Ontario Works, ODSP and court security costs to a two-year process rather than a 10-year process, at a cost of \$500 million.

By way of explanation, we think it's just too long a period, especially when municipalities are being hit with

rising social service costs due to more and more Ontarians turning to Ontario Works and other forms of social assistance. The motion would turn the process into a two-year upload and will probably save some municipalities from facing the prospect of complete bankruptcy, if this recession is deeper and longer than we are thinking.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Sousa.

**Mr. Charles Sousa:** I think we're very proud of the fact that we've worked closely with municipalities. We have uploaded quite a substantive amount—Ontario Works, court security costs, a number of other items, ambulance costs and so forth—as we all know. We're on track to upload more, and I think we'll just stay the course at this point, given the circumstances that are before us.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

PC motion, page 27.

1520

**Mr. Tim Hudak:** Thank you.

Property assessments:

Whereas just one year after assessments were taken (based on Jan. 1, 2008 values), housing prices across the province have dropped dramatically; and

Whereas homeowners are locked into unrealistic values taken at the height of a hot housing market until a new assessment is conducted in 2012;

The Standing Committee on Finance and Economic Affairs recommends that the Minister of Finance re-establish annual assessments to better reflect current property values and cap property assessment increases at an inflationary rate.

**The Chair (Mr. Pat Hoy):** Any comment?

**Mr. Tim Hudak:** We have seen, whether it's in the city of Toronto, Hamilton, Niagara, where I'm from, or eastern Ontario, that assessments have gone up considerably: some high double-digit and even triple-digit increases in some areas. Unfortunately, in the current state of the economy in the province of Ontario, home values have gone down. So, paradoxically, and very frustrating for many, homeowners are getting higher assessments in the mail, while they know that the value of the property has decreased. Under the current model, they're frozen at those values until 2012, with no hope for relief.

So we think the assessors should be in the field doing a new assessment to reflect current market values and that assessment increases should be capped at an inflationary increase, at a maximum, given the state of the economy.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment?

**Mr. Michael Prue:** Mr. Hudak and I have argued this many times—sometimes in front of large and rather hostile audiences—but our position is that this is a blunt instrument, and that no amount of tinkering around the edges, as Mr. Hudak is suggesting today, is going to resolve it.



We believe that the whole MPAC regime should be radically changed so that it's frozen until the time of sale, so that when a person, a willing buyer, buys the house, they know what they paid for it and that it will not go up in value until such time as major renovations are made over \$40,000, or, conversely, it is sold or passed on to someone else.

It would have the ideal of keeping people in their homes, making more secure neighbourhoods and taking the volatility right out of the market. We do acknowledge there would be some drift in terms of the taxation, the people who stayed there longer would accrue a benefit to those people who move more often, but in terms of stability and keeping people in their homes—especially the elderly and especially those on fixed incomes—it's far preferable to putting a cap and doing it every year. It will just continue volatility and is not the answer.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Charles Sousa:** Yes. Let's be clear. We're talking about value assessments of properties, not the actual tax rate. It's interesting, because even then-Minister of Finance Ernie Eves at the time made it clear: The assessment notice is not a tax bill; it's a statement of the tax assessment corporation's belief of the property value.

The other side of this coin is certainly the mill rate produced by the municipalities. We feel that a four-year cycle is a balanced approach and provides some stability and predictability in terms of what that mill rate should be over the next four years. So that's our position at this point, and if we do it every year, there's also a cost implication to doing just that.

**The Chair (Mr. Pat Hoy):** Thank you. Mr. Hudak?

**Mr. Tim Hudak:** I would hope there would be an admission, though, by the government members that the assessed values as they stand today are way out of whack with what market values are. I mean, no doubt in Mr. Sousa's area, Mississauga, assessments have increased probably, on average, 20-some per cent, and then the property values have declined. In the city of Toronto, where we are today, they've had double-digit declines in property values. I would hope the government recognizes that these numbers are out of whack.

**Mr. Charles Sousa:** Do you know what? I've received a number of notices and I've held a few town halls on this very issue. In fact, there are a number of them who have received lower assessed values, and they'll get an immediate reduction on their taxes. Anyone who has had an increased assessment at a certain percentage over the average will be spread over four years so it won't be an immediate hit on them, as well. But it's just a point in time. The mill rate is still the effective manner in which you're going to have a tax implication on your property.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment?

**Mr. Tim Hudak:** Yes, and the last point on this. The Premier himself basically said that the system was broken, that the assessed values were out of whack. But in not taking action, he's coined a new expression, right?

"If it's broke, don't fix it," I suppose is the new way that he's approaching this issue.

I hear what Mr. Sousa is saying. His own Premier has said that the values are out of whack, so I do hope we'll see the government members bring about some change.

**Mr. Michael A. Brown:** Cute.

**Mr. Tim Hudak:** Did you like that one?

**Mr. Michael Prue:** If I could, to blame it on the mill rate is not entirely accurate because the municipalities, in order to get back the same amount of money as they got from the assessment before, simply do the math. They take all of the assessed properties; they do the math as to whether it's 1%, or slightly more or less than 1%, which is usually the average. That's how the mill rate is set to obtain the same amount of money. So the fluctuating values of the homes in fact necessitate the mill rate changing. Anyone with a pencil can figure out the mill rate if municipalities raise the same amount of money.

**Mr. Charles Sousa:** That's the argument you just made.

**Mr. Michael Prue:** Yes.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Charles Sousa:** The Ombudsman actually made a number of recommendations, which were all applied in the circumstances to the issues that Mr. Hudak brought forward.

**The Chair (Mr. Pat Hoy):** Any other comment? I'll put the question. All in favour? Opposed? The motion is lost.

NDP motion.

**Mr. Michael Prue:** Maintain investment in public services:

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its FY 2009-10 budget, maintain spending increases in public services, like health and education, previously budgeted for in the fiscal year 2008-09 budget. This includes the planned increases in transfer payments to the MUSH sector.

And by way of explanation, we do not believe that this is the time to be cutting public services like transfers to the municipal, universities, schools and hospitals sector. Not only do people need these services, but they are a crucial part of any job stimulus program.

**The Chair (Mr. Pat Hoy):** Any other comment? I'll put the question. All in favour? Opposed? The motion is lost.

Number 29.

**Mr. Michael Prue:** Nuclear:

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its fiscal year 2009-10 budget, commit no new spending for the refurbishment or building of new nuclear plants until a full and independent cost-for-value audit of these plants has been conducted and a full environmental assessment of the independent power system plan has been completed.

The reason I'm saying this is there's no doubt that the province will see nuclear costs rise significantly over budget. We don't believe that we should be going there

as a province. Of all of the nuclear plants that have been planned and built in the world in the last 10 years, only one has come in on time and under budget and that one is located in China. I doubt very much that we would have the wherewithal, the political muscle and the brute force to do that.

**The Chair (Mr. Pat Hoy):** Any other comment? I'll put the question. All in favour? Opposed? The motion is lost.

Number 30.

**Mr. Michael Prue:** Temporarily relax the asset test for Ontario Works:

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its fiscal year 2009-10 budget, increase the prescribed limit for assets for a benefit recipient of Ontario Works to the same limits prescribed for the Ontario disability support program.

By way of explanation, Ontarians who lose their jobs, exhaust employment insurance or are not eligible to begin with will need to rely on social assistance to put food on the table, but many will not be eligible for Ontario Works because the asset limits are too low. The numbers will increase exponentially as layoffs increase and as people exhaust whatever sources of wealth they have. We are proposing to raise the limit to increase eligibility and not have people exhaust right down to bare minimum levels before they are eligible for Ontario Works. They are not required to do so if it's ODSP and we think that putting Ontario Works at the same level will help families, first of all, to get Ontario Works, but also when they are successful in finding employment in the future, to get off it and still have some assets left.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, I'll put the question. All in favour? Those opposed? The motion is lost.

Number 31.

**Mr. Michael Prue:** And the last one.

Moratorium on new private-public partnerships:

Be it resolved that the Standing Committee on Finance and Economic Affairs strongly recommends to the Minister of Finance that the government, in its fiscal year 2009-10 budget, place a moratorium on the use of private-public partnerships for infrastructure procurement, saving hundreds of millions of dollars.

By way of explanation, the Auditor General found that P3s cost more but delivered less. With the credit crisis driving up the private sector's costs of borrowing compared to the public sector, these projects are getting even more expensive. It's time to put an end to this unruly and

unsavory experiment. It has cost the taxpayers and Ontarians hundreds of millions of dollars already and will cost even more if we allow it to continue.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Hudak.

**Mr. Tim Hudak:** Yes, I'm going to oppose this motion. The PC Party believes that public-private partnerships are a way to invest in our infrastructure to get much further than we would just by depending on tax dollars in a given fiscal year, and also it's a way of controlling the often escalating project prices.

I would absolutely expect that the ministry would do a cost-benefit analysis in a thorough way on each project to ensure the taxpayers are getting their money's worth. Given that assumption, I'd actually encourage the government to do more 3Ps.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Arthurs.

**Mr. Wayne Arthurs:** Just very brief: I think the AFP projects, the alternate financing and procurement, that have been undertaken have provided windows of opportunity for investment. I think we're well aware of the number of large projects underway in the province, public sector projects, as well as the need for economic stimulus for infrastructure initiatives. This is a good and appropriate time to be looking at all reasonable strategies for financing and procurement that might help us to meet those needs at this point in time.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

We have some other business. Shall the report, including recommendations, carry? Carried.

Shall the Minister of Finance receive a copy of the final report, with dissenting opinions, prior to the tabling in the House? All in favour? Carried.

Who shall sign off on the final copy of the draft: the Chair? All in favour? Carried.

Shall the report be translated? All in favour? Carried.

Shall the report be printed? All in favour? Carried.

Shall the Chair present the report to the House and move the adoption of its recommendations? All in favour? Carried.

For those who wish to provide a dissenting report, next Monday at 5 p.m. would be the deadline.

**Mr. Tim Hudak:** Monday, 5 p.m., to the clerk?

**The Chair (Mr. Pat Hoy):** That would be the deadline, yes. It's consistent with the past.

We are adjourned.

*The committee adjourned at 1533.*











## **CONTENTS**

Thursday 19 February 2009

**Pre-budget consultations** ..... F-797

### **STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS**

#### **Chair / Président**

Mr. Pat Hoy (Chatham–Kent–Essex L)

#### **Vice-Chair / Vice-Président**

Mr. Jean-Marc Lalonde (Glengarry–Prescott–Russell L)

Ms. Sophia Aggelonitis (Hamilton Mountain L)

Mr. Ted Arnott (Wellington–Halton Hills PC)

Mr. Wayne Arthurs (Pickering–Scarborough East / Pickering–Scarborough-Est L)

Mr. Toby Barrett (Haldimand–Norfolk PC)

Mr. Pat Hoy (Chatham–Kent–Essex L)

Mr. Jean-Marc Lalonde (Glengarry–Prescott–Russell L)

Ms. Leeanna Pendergast (Kitchener–Conestoga L)

Mr. Michael Prue (Beaches–East York ND)

Mr. Charles Sousa (Mississauga South / Mississauga–Sud L)

#### **Substitutions / Membres remplaçants**

Mrs. Laura Albanese (York South–Weston / York–Sud–Weston L)

Mr. Michael A. Brown (Algoma–Manitoulin L)

Mr. Tim Hudak (Niagara West–Glanbrook / Niagara–Ouest–Glanbrook PC)

#### **Clerk / Greffier**

Mr. William Short

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Research and Information Services



CAZON  
XC25  
-F31



F-30

F-30

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## Legislative Assembly of Ontario

First Session, 39<sup>th</sup> Parliament

## Assemblée législative de l'Ontario

Première session, 39<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 23 April 2009

# Journal des débats (Hansard)

Jeudi 23 avril 2009

## Standing Committee on Finance and Economic Affairs

Greater Toronto  
and Hamilton Area  
Transit Implementation Act, 2009

## Comité permanent des finances et des affaires économiques

Loi de 2009 sur l'aménagement  
du réseau de transport en commun  
de la région du grand Toronto  
et de Hamilton

Chair: Pat Hoy  
Clerk: William Short

Président : Pat Hoy  
Greffier : William Short

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 23 April 2009

Jeudi 23 avril 2009

*The committee met at 0901 in room 151.*

## SUBCOMMITTEE REPORT

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. I would ask that the report of the subcommittee be read into the record. Ms. Aggelonitis?

**Ms. Sophia Aggelonitis:** Your subcommittee on committee business met on Wednesday, April 8, 2009, to consider the method of proceeding on Bill 163, An Act to amend the Greater Toronto Transportation Authority Act, 2006, and recommends the following:

(1) That the committee hold two days of public hearings in Toronto, at Queen's Park, on Wednesday, April 22, 2009, from 1 p.m. to 3 p.m. and 4 p.m. to 6 p.m.; and on Thursday, April 23, 2009, from 9 a.m. to 10:15 a.m. and from 2:30 p.m. to 6 p.m., as per the order of the House dated April 7, 2009.

(2) That the clerk of the committee, with the authorization of the Chair, post information regarding the committee's business once in the following newspapers as soon as possible: Toronto Star, Hamilton Spectator.

(3) That the clerk of the committee, with the authorization of the Chair, post information regarding the committee's business on the Ontario parliamentary channel and on the committee's website.

(4) That the deadline for receipt of requests to appear before the committee be 5 p.m. on Friday, April 17, 2009.

(5) That, following the deadline for receipt of requests to appear on Bill 163, the clerk of the committee provide the subcommittee members with an electronic list of all requests to appear.

(6) That, if required, each of the subcommittee members supply the clerk of the committee with a prioritized list of the witnesses they would like to hear from by 12 noon on Monday, April 20, 2009. These witnesses must be selected from the original list distributed by the committee clerk.

(7) That groups and individuals be offered 10 minutes for their presentations, followed by five minutes for questioning by committee members.

(8) That the deadline for receipt of written submissions be 5 p.m. on Thursday, April 23, 2009.

(9) That the research officer provide a summary of presentations prior to the start of clause-by-clause consideration of the bill.

(10) That the deadline for filing amendments be 5 p.m. on Monday, April 27, 2009, as per the order of the House dated April 7, 2009.

(11) That the committee meet for clause-by-clause consideration on Thursday, April 30, 2009, from 9 a.m. to 10:15 a.m. and 2 p.m. to 6 p.m., and that the committee be authorized to meet beyond the normal hours of adjournment until completion of clause-by-clause consideration, as per the order of the House dated Tuesday, April 7, 2009.

(12) That the clerk of the committee, in consultation with the Chair, be authorized to commence making any preliminary arrangements to facilitate the committee's proceedings prior to the adoption of this report.

**The Chair (Mr. Pat Hoy):** Any comment? Hearing none, all in favour? Carried.

GREATER TORONTO  
AND HAMILTON AREA  
TRANSIT IMPLEMENTATION ACT, 2009  
LOI DE 2009 SUR L'AMÉNAGEMENT  
DU RÉSEAU DE TRANSPORT EN COMMUN  
DE LA RÉGION DU GRAND TORONTO  
ET DE HAMILTON

Consideration of Bill 163, An Act to amend the Greater Toronto Transportation Authority Act, 2006 /  
Projet de loi 163, Loi modifiant la Loi de 2006 sur la Régie des transports du grand Toronto.

## TRANSPORT 2000 ONTARIO

**The Chair (Mr. Pat Hoy):** Now we can move to our first presenter of the morning, Transport 2000 Ontario. Would you come forward, please? Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our recording Hansard, and then you can begin.

**Ms. Natalie Litwin:** Yes, good morning, ladies and gentlemen. My name is Natalie Litwin. I am president of Transport 2000 Ontario. We are a sustainable transportation advocacy organization, of course non-profit. We have been active since the 1970s and we are the Ontario region of a network of Transport 2000 regions across the country, with a national office in Ottawa. Some of you may be familiar with our group.

You all have copies of my presentation, but I'll go ahead, mostly reading it to you.

Our concern is mainly the new composition of the board recommended in Bill 163. We have been aware—and I'm sure you are aware as well—of musings by the media, with criticisms of the current board. We have found no evidence that there's any reason for those criticisms. They have been criticized for being overly parochial and for there being a lot of friction among board members. We have found no evidence of that at all. We consider the idea of replacing elected officials by appointees to be a very regressive step.

In the introduction to the bill by the Minister of Transportation, he gave no reasons for firing—which is what the bill does—the entire board of Metrolinx. We feel that the present board did an excellent job, showing minimal parochialism and producing a regional transportation plan from scratch in two years. The current structure has rapidly produced business cases and detailed designs for shovel-ready projects.

Comments that the board will be able to move faster on implementation do not ring true. Metrolinx was created on June 22, 2006, and published an enlightened, progressive and sustainable plan in November 2008. That is hardly what we could call taking many years, as Christopher Hume in his *Toronto Star* column claimed. This is two years, which I think is a remarkable achievement.

A study of Bill 163 has led us to the conclusion that the replacement of the existing board by appointees is nothing less than a power grab by the province. The elected officials who make up the present board represent their constituents and are answerable to them. It's a democratic system. The new appointees will be answerable to the Ministry of Transportation and to the cabinet.

Then there is the issue of expertise. The Honourable Mr. Bradley stated in his introduction to Bill 163 that he wants "a board comprised of people with a range of professional and corporate experience, people with backgrounds in customer service, planning, law and financing large capital projects." Apparently, the knowledge of transportation and the mobility needs of people in the greater Toronto and Hamilton area that the current board has in spades is not required.

If you need an example of how dysfunctional an appointed board can be, look no further than the Toronto Port Authority, which is of course a federal agency, and the Ontario Municipal Board. The port authority has nine members, seven of whom are members of the Conservative Party. Its decisions have been in conflict with the city. In order to maintain partisanship on the board, the federal government recently added two new members to the original seven after Toronto named its own representative to the board. As many of you are aware, the decisions of the Ontario Municipal Board have proved unpopular, and I'm sure you are aware of some recent press reports. I think of John Barber's column yesterday that there was a move to name a city street in Toronto OMB Folly. That is an example of how unpopular the

municipal board is, and there have been calls for it to be disbanded.

#### 0910

Many clauses in Bill 163 confirm our suspicion that the main purpose of the bill is to shift power from the municipalities to the province—from the government closest to the residents of the greater Toronto and Hamilton area to the government one step removed, the provincial government.

Many clauses remove current powers from the Metrolinx board. For example, currently the CEO of Metrolinx is appointed by the Metrolinx corporation, but if the bill is passed, the CEO will be appointed by cabinet on MTO's recommendation.

Another example: Currently, the minister may issue directives to the corporation, which is already a concern of Transport 2000 Ontario. The bill provides that a ministry directive may require the corporation to amend the transportation plan.

Transport 2000 Ontario is particularly concerned that MTO has a road-building culture, a culture that has created a lot of traffic congestion and related air pollution that Metrolinx now has to address. To be fair, we note that the ministry is moving in a more sustainable direction, but is still building too many roads.

Another clause in the bill provides that MTO may issue policy statements on matters relating to transportation planning in the GTHA and that those municipalities must adopt a transportation plan that is consistent with the ministry policy statement. T2 agrees that a transportation policy is needed for the entire province and federally as well, but the policy should not come down on stone tablets from the mountain. Rather, it should be a coherent policy, hammered out by public consultation with Ontarians and not by well-funded lobbyists.

There is also a concern that we have a lack of accountability and secrecy that is provided for in this bill. Section 9 provides for a board with a lack of critical expertise and combines it with arbitrary powers. For example, the clause states, "The corporation shall ensure that the transportation plan is available for public inspection in such manner as the corporation's board of directors considers appropriate." What is appropriate?

Another clause: That the board "consult with the relevant provincial ministers of the crown and provincial agencies ... and other interested persons and groups, as and in the manner that the corporation's board of directors considers appropriate."

That is a lot of arbitrary power, in our opinion. It has been the bane of our existence that advocacy groups, such as ours, are seldom consulted because the government agency has already made up its mind and wants to hear only from the powerful and like-minded. We would very much like to see a clause that provides that the board consult widely, as the current board has done, although some mysterious force shoved some of our recommendations aside. Some recommendations that appeared in earlier versions of the transportation plan disappeared from the final version, and we don't know why.



Transport 2000 acknowledges that although the current Metrolinx board has been a co-operative one to date, friction can develop as the plan reaches the implementation stage. Mediation, arbitration and strong, no-nonsense leadership are the solutions. To sweep a functioning board out of office and replace it with provincial appointees is to trade a set of potential solvable problems with much more serious ones.

Thank you for your attention. I will answer any questions, but I hope that you will allow my colleagues to answer any questions that I cannot answer.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning will go to the official opposition. Mr. Arnott.

**Mr. Ted Arnott:** Thank you, Ms. Litwin, for your presentation. I'm sorry I was late getting here, but I had some other matters I had to deal with. I've had a chance to review what you said before I got here, and we certainly do appreciate the advice that Transport 2000 is giving us. Your presentation is very helpful with respect to Bill 163.

You focused on a number of specific concerns, and you've been very clear about them, in terms of the powers of the government, powers of the minister, usurping the power of the Metrolinx board, accountability and secrecy, and those sorts of issues. Would you say it's fair to characterize this as the province takeover of the Metrolinx board by the government? Would you use those words, or would you rephrase them somehow?

**Ms. Natalie Litwin:** I would not use the word "partisan." I would say that it is what I said before, that is, the provincial government has decided that it's in its best interests to have a board functioning with appointees rather than with elected officials. We are a non-partisan organization and we avoid the word "partisan."

**Mr. Ted Arnott:** But obviously, the minister is trying to acquire more power so as to direct Metrolinx in its operations day to day, it would appear, and certainly its strategic planning and so forth as opposed to the existing structure, which allows for more independence from the board. Isn't that true?

**Ms. Natalie Litwin:** Yes, absolutely. The board, of course, will not represent anybody. It will be answerable to the province and will not represent anyone.

**Mr. Ted Arnott:** Probably to the cabinet, who appointed the individual members: That's what I would—

**Ms. Natalie Litwin:** Yes, and we think that's a very regressive step. They have offered no explanation as to why they consider this to be necessary, and that is very troubling. At least if we knew why—but we don't know why.

**Mr. Ted Arnott:** I think, if the minister were here, he would suggest that in fact the existing board members, representing their municipalities, have been, in the sense of representing their communities, somewhat unwilling to look at the larger picture. But you would disagree with that, obviously.

**Ms. Natalie Litwin:** I would disagree with that. The existing board has worked very co-operatively, so I don't think that's a concern.

**Mr. Ted Arnott:** Okay. How much more time do I have?

**The Chair (Mr. Pat Hoy):** Let's see. About three minutes.

**Mr. Ted Arnott:** Oh, really? Okay. Thank you very much.

In terms of accountability and secrecy, you indicated that you would like to see greater consultation for your organization and you'd like to see, actually, an amendment in this bill to ensure that. How would you see that working out? How would that work in your mind?

**Ms. Natalie Litwin:** With consultation with us?

**Mr. Ted Arnott:** That's right, and others like your who have an interest in this.

**Ms. Natalie Litwin:** Okay. I'm glad you asked that question. There is in existence an advisory board to Metrolinx, made up of members of the public, a lot of them with a lot of expertise. But an official advocacy organization such as ours, that has been in existence for a long time and has considerable expertise in the transportation area, has not been invited. We would like to be a member of that advisory board, as would other advocacy organizations.

**Mr. Ted Arnott:** Should the meetings of the Metrolinx board be open to the public and the press so as to ensure that there is greater openness?

**Ms. Natalie Litwin:** Should it be?

**Mr. Ted Arnott:** Yes.

**Ms. Natalie Litwin:** It is, but not on the rolling—what is it?

**Mr. Peter Miasek:** The five-year capital plan and the budget.

**Ms. Natalie Litwin:** Yes. That is a change, right?

**Mr. Peter Miasek:** Yes, that is a change.

**Ms. Natalie Litwin:** Yes. So they are not going to be as open. According to Bill 163, they will not be as open to the public as they have been in the past.

**Mr. Ted Arnott:** And that's obviously a serious concern of your organization and others like it, in terms of openness and accountability when the decisions are being made.

**Ms. Natalie Litwin:** Although it has been our experience, unfortunately, in the past that we appear at public hearings, we are listened to very politely, and then the branch of government goes ahead and does exactly what it wants anyways and what it has decided to do before. It is a source of great frustration for us.

0920

**Mr. Ted Arnott:** Your organization through the years has done important work on this issue, and I think the work that you've done going back to the 1970s is now being shown to have been correct. You were visionary in terms of the suggestions and ideas you were putting forward, and I think we're now finally in a stage where the government is going to be responding.

Again, thank you very much for coming here today and for the good work that you've done through the years.

**Ms. Natalie Litwin:** You're very welcome.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

TRANSPORTATION REGIONAL  
ACTION COMMITTEE OF THE GREATER  
TORONTO AND HAMILTON AREA

**The Chair (Mr. Pat Hoy):** Now I call on the Transportation Regional Action Committee to come forward, please. Good morning.

**Mr. Peter Miasek:** Good morning.

**The Chair (Mr. Pat Hoy):** As you've heard, you have 10 minutes for your presentation, and there could be up to five minutes of questioning. I would just ask you to identify yourself for the purposes of our recording Hansard, and you can begin.

**Mr. Peter Miasek:** My name is Peter Miasek, and sitting next to me is Karl Junkin. We are both representing TRAC GTHA. TRAC is an acronym for Transportation Regional Action Committee. We are another NGO, and we're advocating for many of the similar facets as Transport 2000 Ontario. In fact, in December we affiliated with Transport 2000 Ontario and we're now a committee of T2K. So we support the comments made by Natalie Litwin of T2K, and I'm not going to dwell further on those relative to board composition.

We wish to make a few additional remarks on other aspects of the bill. There are many aspects of the original Metrolinx bill as well as this present revision that are positive, but we wish to draw your attention to four areas that should be strengthened or changed.

The first of these is amplification on the transportation plan approval and amendment process. The bill needs to clarify what the approval and amendment process is for the transportation plan. Today, the situation is extremely confusing, and unfortunately the new bill doesn't clarify it at all. It's very unclear right now how changes in the transportation plan can be made—and I'll give you a couple of examples. The plan that was approved by the Metrolinx board last December included a Finch Avenue LRT line that was running from the airport to Yonge Street. However, the provincial funding announcement on April 1 pushed that line an additional five kilometres east to Don Mills Road, and we don't know where this came from. This is an important decision. We're talking hundreds of millions of dollars of difference, and yet it appears to have been dropped into the approved Metrolinx plan without formal discussion, analysis or amendment. It may be a very good extension, but where did it come from?

On the other hand, ideas such as advancing the timing of a downtown relief subway line, which would save billions of dollars in forgone capacity and station expansion needs on the other two lines, have been discounted because they're not in the official, Metrolinx-approved plan. It seems that whoever we're talking to, the Metrolinx plan is either cast in concrete or cast in Jell-O, and we just don't know which.

The transportation plan is the key document to guide both the board and the minister. It needs to be carefully analyzed, carefully developed, and then it can't be changed willy-nilly. So we're asking that this new Bill 163 please amplify how this plan will be approved and how it'll be amended. It doesn't appear to have changed any from the original confusing situation.

The second item of four that I want to talk about is Metrolinx involvement in highway and regional road expansions. The current act, in section 6(2)(a), indicates that Metrolinx needs to take into consideration all modes of transportation, including highways. However, the work by Metrolinx on highways has been very disappointing. They've simply incorporated, without scrutiny, all of the various MTO highway projects, and they've also incorporated, without scrutiny, 5,000 kilometres of regional road expansions. We're talking the 407 east, the GTA west, the Niagara-GTA corridor, the 427, as well as 5,000 kilometres of regional roads.

Metrolinx did a great job with regional rapid transit planning. We would like to see a strengthened role for Metrolinx in the highway and regional road planning and approval process also. It's an important mode of transportation, it's recognized in the act, but they haven't been working on that piece of it.

The third component we'd like to talk about is very similar to what Natalie Litwin spoke about, and that is citizen involvement. We feel that open meetings of the new corporation continue to be very important, and they are enabled under a current section of the act, 13(1), that isn't being amended, so that's good.

Public discussion, including deputations, on proposed plan elements are clearly key to a superior final plan. In our opinion, there is no reason that the corporation's proposed five-year rolling capital plan and annual proposed budget cannot be public, as they are today. Right now, in section 11(3), that is part of the public discourse. For some reason, that particular section has been deleted from the proposed amendments, and we don't see any reason why.

Lastly, investment strategy timing: Obviously, the huge elephant in the room in all of these discussions on transit is, "How are we going to pay for all this?" We're talking tens of billions; \$50 billion has been tossed around.

The previous board was directed to defer an answer to this question until 2013. Of course, there has been a lot of concern with how far out this date is. In fact, one of the advantages of the earlier board, because it was made up of elected politicians, was that they were very concerned about sustainable funding, both local and regional transit funding and capital, operating and maintenance. In fact, that board requested that work commence now on developing an investment strategy.

This whole matter of the prolonged wait-and-see on the investment side also came out loud and clear during public consultation, and came out as advice from the citizens' advisory committee of Metrolinx.

We're very disappointed that Bill 163 perpetuates this 2013 date, and we urge that some sort of earlier dates be



put into the legislation. The investment strategy is key to implementing this plan, and the main reason we're talking about this bill is that we're now into the implementation phase. Why are we procrastinating on developing the investment strategy?

That ends my remarks. Thank you very much.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning will go to the NDP.

**Mr. Peter Tabuns:** Thank you very much for coming in today and making this presentation. Natalie Litwin's comments and yours—after I look at your comments and I look at the bill, I ask myself, why have a board of directors at all? If you have a regional authority that draws in all of the local political decision-makers, or puts them at the table, that's one thing. But if effectively you have a board of directors that simply is a front for the Premier's decisions on transportation, why wouldn't you just go ahead and do it? It seems like this board is, in some ways, a shield for the Premier to deal with decisions that he wants to stand against, and where he wants to extend an LRT line that the board didn't approve, well, he just overrules them. Do you see a reason for an independent board when it actually won't have any political status of its own?

**Mr. Peter Miasek:** I would support what Natalie said. We liked the previous board. When you have elected politicians, they're accountable. They bring to the table—when David Miller speaks, in theory he's speaking for the TTC and he's speaking for 2.5 million people, which I like, personally, as opposed to a board.

Our sense was that the previous board was operating in a congenial fashion. They may have had dogfights behind the scenes, but they presented a unified public face, which is what is needed to reconcile all these competing demands.

I think you need a board; you need a strong board. But our preference would have been to keep the existing composition of elected representatives.

**Mr. Peter Tabuns:** Are you familiar with the greater Vancouver regional transit authority? My understanding is that this very much reflects the direction that they've taken. Is that correct?

**Mr. Peter Miasek:** That is my understanding also. It's TransLink. I believe they are an independent board. And depending on whom you talk to, you hear horror stories about things like the Cambie Street line, where they immediately—at the 11th hour, they changed digging technologies and upset everybody. That's the kind of stuff that you worry will happen if you have non-elected representatives: They're going to be less sensitive to public concerns.

I noticed in Mayor Miller's presentation—I hadn't seen it until this morning—that he talked about the debate that's occurring on the Georgetown GO line, and all of the concerns. His opinion—and he may well be right—is that if this had been handled by a political board, there would be more sensitivity to public concern than there is by a more distant board, which is the way it's playing out now. I've heard the same thing with

TransLink, that they ram things through and don't take public concerns into account.

**0930**

**Mr. Peter Tabuns:** The last question I have is about this investment strategy. I note that 2013 is two years after the next provincial election, so that in fact if you're bringing forward an investment strategy, you really won't have it as part of the next provincial election if you have it come forward two years after. Can you see any rationale for it taking five years to develop an investment strategy?

**Mr. Peter Miasek:** The rumours have been that it's related to election timing. I can't address that. I see no rationale. It doesn't make any sense. The previous Metrolinx board saw no reason for it. These are major, major questions, and Metrolinx should be out there right now floating ideas, doing little pilot trials of things, getting a public discourse going. It makes no sense to us why 2013 was picked. One can speculate, though.

**Mr. Peter Tabuns:** One does speculate.

**Mr. Karl Junkin:** On that note, could I also add, in relation to election dates, we're currently in 2009, and there is going to be a provincial election in 2011. There would also be a provincial election in 2015, which would be the same distance from 2013 as the 2011 election is from today. So are we going to have a rerun of this in the future?

**Mr. Peter Tabuns:** Well, I don't usually get to answer the questions posed by witnesses, but in this case—

**Mr. Karl Junkin:** My apologies. It was a rhetorical question.

**Mr. Peter Tabuns:** No, no; I appreciate the opportunity. Yes, you really have to ask that question as to whether or not they'll try to punt it past the 2015 election as well.

I find this bill very troubling because it removes public accountability, it removes transparency, it serves the Premier's office well in terms of eliminating a political problem for investment and essentially gives them a free hand to cherry-pick whichever project looks best politically and drop it in, whereas for projects that are problematic politically he can have the board stand in his stead and take whatever public heat comes along. I don't have further questions but I appreciate what you brought forward today.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

**Mr. Peter Miasek:** You're welcome.

## TORONTO BOARD OF TRADE

**The Chair (Mr. Pat Hoy):** Now I call on the Toronto Board of Trade to come forward, please. Good morning. I am compelled to tell you, once again, that you have 10 minutes for your presentation. There could be five minutes of questioning. I would just ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Brian Zeiler-Kligman:** Good morning. Thanks for taking the time to hear me today. My name is Brian

Zeiler-Kligman. I'm the director of policy at the Toronto Board of Trade. My president and CEO, Carol Wilding, was originally scheduled to appear with me. Unfortunately, due to commitments she had following this deputation and the delays that we were expecting as a result of the protests expected today, Carol wasn't able to join us this morning and she sincerely sends her apologies in that regard.

But I am very pleased to be able to present today. Certainly, those of you who are familiar with the board of trade and our advocacy efforts will know that we are very encouraged and pleased with this bill. Many of the reforms embodied in this legislation are things the board has called for since 2003 and before. We were among the first to call for a regional transportation authority for greater Toronto, and when we first advocated for its creation, we also argued that it should operate under a framework similar to the one now proposed under Bill 163.

Of course, for the last few years Metrolinx has operated under a different governance model. We recognize that the Metrolinx board has done stellar work in developing a regional transportation plan, but as they were doing their good planning work, congestion in the Toronto region has only worsened. In fact, we're now living in the fourth-most-congested city in North America and it is getting worse.

The reforms contained in Bill 163 will speed the transition of Metrolinx from a planning body to an implementation body—to an organization that puts shovels in the ground and delivers new infrastructure rapidly and effectively. Those reforms are more urgently needed than ever.

Just over two weeks ago, the board of trade released the first of what will be an annual report of research findings into the state of the Toronto economy. It's called Toronto as a Global City: Scorecard on Prosperity. We simply call it the scorecard. The scorecard ranked the performance of the Toronto census metropolitan area against 20 other global cities across 25 economic and social indicators. It also broke down these results for those 25 indicators between the city centre and its surrounding region. A number of the findings are relevant to our discussions here today.

First, there's the issue of population growth. The Toronto region was the third-fastest-growing region out of the 21 that we studied. That means the Toronto region is growing faster than places like Vancouver, London, Los Angeles and Hong Kong. In fact, the Toronto region is growing even faster than Shanghai. Of the 21 urban centres that we studied, only Calgary and Dallas were growing faster. Simply put, the Toronto region is a magnet for people.

We are all familiar with the benefits of this state of affairs in terms of cultural diversity and the enhanced richness it brings to our landscape and our community life. We're also familiar with its drawbacks. The region's steadily increasing population exerts tremendous physical pressure upon our transportation infrastructure. We feel it as we stand cheek by jowl in crowded commuter trains or stop and go in gridlocked bumper-to-bumper traffic.

We also surveyed the 21 cities in terms of the percentage of the population that chose not to take their cars to work, essentially non-auto commuter choices. Overall, the Toronto region ranked seventh, with about 30% of the population choosing some option other than the car for their commute.

When we broke those results down between the city centre and the surrounding region, the contrast was surprisingly pronounced. In the city centre, approximately 44% of people take an option other than their car to get to work in the morning. In the rest of the census metropolitan area, the surrounding region, only 13% choose that option.

Together, these findings should spur a sense of urgency in all of us. The region's top challenge is merely to keep pace with its own success: to finance and build new transportation and transit infrastructure so that we can continue to grow. Though the economy may have slowed, our population will keep growing. The demands for travel space and for shorter travel times are not likely to abate. The region must find a way to keep pace by providing better supply. Otherwise, if infrastructure stands pat while the population continues to grow, this region risks choking on its own success.

Time is of the essence, and we believe that Bill 163 contains the kinds of reforms needed to meet this pressing challenge by moving Metrolinx's focus from planning to implementation and delivery.

First, the bill's proposed structure for the Metrolinx board is what's needed to make that organization more effective. As the board of trade has long argued, for Metrolinx to be truly effective it must be an independent body, focused on long-term transportation planning and infrastructure investment. Metrolinx needs a board of directors that comes to the table at every meeting with knowledge and experience in finance, planning, engineering and other issues. It needs a board with the ability to question its staff knowledgeably and expeditiously on the matters at hand, and it needs a board that is less dependent on election cycles and changes in political agendas.

Second, the new powers envisioned for Metrolinx and for the province will give it the tools needed to be effective. The GO system will become one of Metrolinx's key operating brands. Metrolinx will be able to own new transit infrastructure. It will also be allowed to amortize its owned assets, which will help in implementation. As part of these powers, Metrolinx will also have a voice in planning matters through the Minister of Transportation's planning policy statements. A key hurdle to Metrolinx's effectiveness is the need to deal with multiple planning regimes across numerous municipalities.

This legislation, by directing municipal master plans to be consistent with provincial policy statements, creates a system for coordinated regional planning.

In the same vein, we agree with the draft legislation's emphasis upon the implementation of the Presto unified fare card. This is just the sort of customer-focused



initiative that languished under the old governance model and that we hope Bill 163 can expedite.

Finally, and as has already been referred to, there's the all-important matter of sourcing and managing the funds necessary to implement Metrolinx's \$50-billion regional transportation plan. We believe that Bill 163 contains a number of important reforms in this regard.

All provincial funds for public transit in the region will flow through Metrolinx. Also, Metrolinx's ability to own its infrastructure will give it the ability to enter into commercial arrangements and otherwise leverage its assets to generate revenue.

0940

We're glad to see that Bill 163 requires Metrolinx to report on an investment strategy by 2013. Indeed, the board of trade would like to see that timeline shortened. A properly structured Metrolinx board will need, and will surely want, to begin planning ahead almost immediately. Recent funding announcements from this government, which the board of trade welcomes, will keep Metrolinx busy with shovels in the ground for the next few years, but there still remains a funding gap of about \$40 billion, or nearly 80% of the total cost of the regional transportation plan. If Metrolinx is to keep shovels in the ground and see its regional transportation plan to a timely and successful conclusion, it needs approval on a long-term investment strategy sooner than currently envisioned. The board believes it is important that Bill 163 recognizes the importance of an investment strategy and sets out a timeline for its delivery.

To sum up, Bill 163 is an important piece of legislation. Above and beyond all of the reasons I have listed before you today, the reason the board of trade welcomes this legislation is because it directly addresses the long-term prosperity of the Toronto region and the well-being of everyone who lives within it. We are all familiar with the statistics. We know that congestion and gridlock cost our economy more than \$6 billion per year, but beyond the economic costs, there are the social and ecological costs. Traffic jams and long commutes eat up precious hours of time. They have detrimental effects upon people's sense of accomplishment at work, their sense of happiness at home and the environment in which we all live. Time truly is of the essence here. For all of the benefits this legislation may bring to business and the regional economy, it will also bring benefits to people in their daily lives, and it's for all of these reasons that the board of trade recommends expeditious passage of this legislation. That concludes my deputation, and I'd be happy to answer any questions you may have.

**The Chair (Mr. Pat Hoy):** This round of questioning will go to the government.

**Mrs. Linda Jeffrey:** Good morning, and thank you very much for being here this morning. I'm really glad you brought up the scorecard in your report. When I heard you were coming, I went back and read the press release, because I wondered what your thoughts were with regard to some of the indicators. Although there wasn't one specifically, there was one on travel to work

and transit which I think kind of addressed what we were talking about this morning. My question was specifically—maybe you could flesh it out a little bit more; I didn't read the report in that particular indicator—how you think the legislation might assist in changing the balance of downtown being the living place and the outside of Toronto being the magnet for economic development. Do you see this as being helpful to changing that balance?

**Mr. Brian Zeiler-Kligman:** Certainly. As I mentioned in our comments, two indicators that we felt were quite important were the population growth indicator, where the Toronto region was third out of the 21 we studied, and then also the commuter option indicator, as you spoke to, where the Toronto region was seventh out of the 21. There's quite a strong difference in terms of the percentage of people choosing to take options other than their car to work between the city centre and the regional municipalities. Partially, we believe that that's a reflection of the intensification that takes place within the city centre compared to the intensification levels that you see in the regional municipalities, which we believe the planning elements spoken to in this legislation will help address so that we will see greater concentrations of people around transportation hubs themselves, but it also speaks to just the general supply of transportation options. We believe that Metrolinx, with the structure that's being put forward in this legislation, will be a more effective body to be able to implement many of the plans that are already in place, to actually see not just plans on paper but also physical infrastructure built, which will provide many options to people within the region.

**Mrs. Linda Jeffrey:** In the course of reading the release that you put out, you said there would be two upcoming policy development round tables forming the basis of a report of recommendations. Will those recommendations still be on those indicators? Is there any way you can speak more to transportation issues so that you could provide guidance to the Metrolinx board? Is that a possibility?

**Mr. Brian Zeiler-Kligman:** We feel that we have a good relationship with Metrolinx and would like to be of assistance in any way that we can, be it through this policy recommendations report or through other means or other reports that we have made, such as the submission we made on the draft regional transportation plan back in November. The reason we didn't have further indicators speaking to transportation issues specifically was just the lack of data available at the city level that allowed for a comparison. So we are hoping in future iterations of the report to be able to address that in a greater fashion.

Our report of recommendations will be looking at the entire broad suite of elements that are required to really improve the Toronto region's performance on a global basis, and that speaks to everything from the infrastructure that is available to the economic development and the liveability of the region generally. While we're looking to tie our recommendations to the results on the scorecard, we will be exploring all of those elements.

**Mrs. Linda Jeffrey:** Do I have more time?

**The Chair (Mr. Pat Hoy):** A minute.

**Mrs. Linda Jeffrey:** Okay. We've heard from two earlier delegations that they feel that the Metrolinx board will be hampered by not having political representation on it. You are coming at this issue from a slightly different perspective. Could you just elaborate a little bit?

**Mr. Brian Zeiler-Kligman:** Certainly. As I said in my deputation, we feel that we need to have a board of directors that is independent but also not dependent on political cycles or political agendas. So we see it as necessary to have a board made up of experts. Accountability is an important issue, and we believe that the legislation provides that accountability in terms of the oversight that is provided by the Minister of Transportation. But as well, what is very key is to have a board of directors that is knowledgeable in the subject matter such that they can ask the pertinent questions of the staff that are put to them. We believe that the structure put in place in this legislation allows for that to make the organization that much more effective and certainly be more expeditious in its implementation.

**Mrs. Linda Jeffrey:** Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### HAMILTON CHAMBER OF COMMERCE

#### ONTARIO CHAMBER OF COMMERCE

**The Chair (Mr. Pat Hoy):** Now I would ask the Ontario Chamber of Commerce to come forward, please. Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I'd just ask you to identify yourself for the purposes of our recording Hansard.

**Mr. Dan Rodrigues:** Thank you. My name is Dan Rodrigues, and I'm with the Hamilton Chamber of Commerce, here today on behalf of the Ontario Chamber of Commerce and our president, Ruth Liebersbach. If I have 10 minutes, I'll try to speak very slowly, because I don't have a lot to say, so I'll try to hold it all within that time frame.

I'd like to thank you all for this opportunity to speak on Bill 163. I am a volunteer. I chair the transportation committee at the Hamilton Chamber of Commerce. Our transportation committee, just to give you a little background—as was mentioned earlier, we worked with the Toronto Board of Trade in the very infancy of Metrolinx, as it is today, because we recognize the importance of a regional transportation system.

We support and applaud the government for its initiative with Bill 163, as it clearly addresses the need to create a seamless transportation planning process within the GTHA. I always like to throw Hamilton in there; it's very important.

According to StatsCan 2006, one in four Canadians reside within the prescribed Metrolinx area. Bill 163 allows The Big Move, which has been identified, to go

forward from a planning stage to an implementation phase.

We've also entered a new behavioural shift. Municipalities previously operated in silos created by lines arbitrarily drawn on a map. We're now operating on urban development areas. GTHA being the largest area in Canada, if I'm correct—maybe in North America—it's very important that Bill 163 move forward.

Just to give you some idea of why it's important for Hamilton with respect to Bill 163 and the reliance on seeing it move forward and operating as an independent board, I'm going to give you a real-life example of what we're dealing with today. The real-life example that we're dealing with today is a truck route study in Hamilton. This truck route study is seeing roadblocks because we have municipal boundaries that bound us to only look at our truck routing within our municipality. We actually have an example of a road that borders our neighbouring region that is not a truck route in their region but is in our region. Consequently, residents along that road see trucks only go one way down that road. It really doesn't solve the transportation issue.

When we look at Bill 163 and we look at the implementation of giving Metrolinx, or the corporation as it is written, the ability to move things forward in a non-political realm, it actually aids in moving things forward quicker because you're dealing with people who are in the business, who know how to do it and they're not driven by votes.

0950

Through that, I believe, I've summed up everything I have to say. I do apologize that it was so short. I could have spoken slower, but maybe I'll get more questions. Thank you. I'll answer any questions, and I apologize for the quickness of it, but I wanted the message to be there.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning goes to the official opposition. Mr. Arnott.

**Mr. Ted Arnott:** Thank you very much for your presentation. I'd like to ask you a few more questions about this truck route study that you mentioned. Where exactly is it? Which municipality does it—

**Mr. Dan Rodrigues:** For Hamilton—

**Mr. Ted Arnott:** Hamilton and—

**Mr. Dan Rodrigues:** We're only dealing with our Hamilton municipality right now with the truck route study.

**Mr. Ted Arnott:** But it's the boundary of Hamilton, you said?

**Mr. Dan Rodrigues:** It's the boundary of Hamilton.

**Mr. Ted Arnott:** And which other community?

**Mr. Dan Rodrigues:** We border Niagara and, I guess it would be, Halton to the one side and then Waterloo region—

**Mr. Ted Arnott:** And Wellington, at the top of end.

**Mr. Dan Rodrigues:** Do we border Wellington? I don't know. I think it's Waterloo.

**Mr. Ted Arnott:** We're just north of you.

So you really have unqualified support for this bill. Do you have any concerns about it or is it just the over-



whelming need to move forward and ensure that there's a more regional view of transit issues and transportation opportunities?

**Mr. Dan Rodrigues:** I don't know if it's unqualified. I'm not sure if that's a correct comment, but it certainly is something that we have looked at.

We've been dealing with the formation of Metrolinx right from the beginning and we've been watching it very closely. Our transportation committee is very active. We have a lot of members on our particular committee who come from or who are currently in the transportation industry from the ports to the airport, rail and roads with the transport business.

I don't know if you've ever heard of Mr. Frank Cooke, but Mr. Frank Cooke is about 95 years old and is one of the original folks who ran our Hamilton Street Railway. He speaks very passionately about the need to regionalize a transportation network.

When we look at the current governing situation as it is right now, Metrolinx has done a wonderful job with respect to the planning processes, but they've hit a bit of a roadblock with the implementation process, and there are some political drivers that impede that process.

So through Bill 163 and the way it's formatted, it helps remove some of those barriers to move it forward. It's much like a mortgage on a house. When you go to buy a house—and I might be stealing a quote from someone else. But when you buy a house, you don't think of the full 25 years of how you're going to pay for that house on your 25-year mortgage; you think of the

first few years of how you're going to do it and then you develop, as you're moving forward, on how you're going to keep that house going.

**Mr. Ted Arnott:** We've heard some concerns about the new powers that this bill will give the Minister of Transportation, the reality of the new appointments being cabinet appointments and the potential for partisanship in terms of the appointments. Do you have any concerns about that or do you feel that's all in the public interest?

**Mr. Dan Rodrigues:** Oddly enough, that's one point that has never been raised in our particular transportation committee. We have folks who wear all three colours, or four, I guess, as it were these days, and they are all in support of it because when you look at the concept of it, at the end of the day, whoever is in power, regardless of their shirt colour, they're going to look at what is important for the region and for the area. When you're dealing with folks in that business, they're also going to look at it from an economic—transportation is an economic enabler.

**Mr. Ted Arnott:** Okay, that's what I wanted to say. Thank you very much for your presentation.

**The Chair (Mr. Pat Hoy):** Thank you for appearing before the committee.

**Mr. Dan Rodrigues:** Thank you.

**The Chair (Mr. Pat Hoy):** I remind the committee members that the deadline for filing amendments is 5 o'clock Monday, April 27. We are adjourned.

*The committee adjourned at 0955.*

## CONTENTS

Thursday 23 April 2009

<b>Subcommittee report</b> .....	F-819
<b>Greater Toronto and Hamilton Area Transit Implementation Act, 2009,</b> Bill 163, <i>Mr. Bradley</i> / <b>Loi de 2009 sur l'aménagement du réseau de transport</b> <b>en commun de la région du grand Toronto et de Hamilton,</b> projet de loi 163, <i>M. Bradley</i> .....	F-819
Transport 2000 Ontario .....	F-819
Ms. Natalie Litwin	
Mr. Peter Miasek	
Transportation Regional Action Committee of the Greater Toronto and Hamilton Area .....	F-822
Mr. Peter Miasek	
Mr. Karl Junkin	
Toronto Board of Trade.....	F-824
Mr. Brian Zeiler-Kligman	
Hamilton Chamber of Commerce / Ontario Chamber of Commerce.....	F-826
Mr. Dan Rodrigues	

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Mr. Pat Hoy (Chatham–Kent–Essex L)

Mr. Jean-Marc Lalonde (Glengarry–Prescott–Russell L)

Ms. Leeanna Pendergast (Kitchener–Conestoga L)

Mr. Michael Prue (Beaches–East York ND)

Mr. Charles Sousa (Mississauga South / Mississauga-Sud L)

#### Substitutions / Membres remplaçants

Mrs. Linda Jeffrey (Brampton–Springdale L)

Mr. Peter Tabuns (Toronto–Danforth ND)

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F-31

F-31

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## Assemblée législative de l'Ontario

Première session, 39<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 30 April 2009

# Journal des débats (Hansard)

Jeudi 30 avril 2009

## Standing Committee on Finance and Economic Affairs

Greater Toronto  
and Hamilton Area  
Transit Implementation Act, 2009

## Comité permanent des finances et des affaires économiques

Loi de 2009 sur l'aménagement  
du réseau de transport en commun  
de la région du grand Toronto  
et de Hamilton

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 30 April 2009

Jeudi 30 avril 2009

*The committee met at 0901 in room 151.*GREATER TORONTO  
AND HAMILTON AREA

## TRANSIT IMPLEMENTATION ACT, 2009

LOI DE 2009 SUR L'AMÉNAGEMENT  
DU RÉSEAU DE TRANSPORT EN COMMUN  
DE LA RÉGION DU GRAND TORONTO  
ET DE HAMILTON

Consideration of Bill 163, An Act to amend the Greater Toronto Transportation Authority Act, 2006 /  
Projet de loi 163, Loi modifiant la Loi de 2006 sur la  
Régie des transports du grand Toronto.

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. We're here for clause-by-clause consideration of Bill 163.

For the committee, there are no amendments to sections 1 through 4 inclusive. Shall they carry? Carried.

Now we do have an amendment to section 5. It's a government motion.

**Mrs. Linda Jeffrey:** I move that subsection 5(2) of the bill be amended by striking out the portion before clause (a) and substituting the following:

"(2) Subsection 5(1) of the act is amended by striking out 'and' at the end of clause (a), by adding 'and' at the end of clause (b) and by adding the following clause:"

This is a housekeeping item which moves the word "and."

**The Chair (Mr. Pat Hoy):** Very good. I'm advised that legislative counsel would like to make a comment on this particular motion.

**Ms. Susan Klein:** There's a typo in this motion. It's not in the bold text of the words that are being added to the bill; it's in the light-faced text above it that tells you where the amendment is being made. Where it says, "subsection 5(2) of the bill be amended by striking out the portion before clause (a)," that should have been a reference to clause (c). There is no clause (a) in subsection 5(2) of the bill. Because of the time allocation motion, we can't correct this motion, but it's obvious on the face of it what the correct reference should be. If the motion passes, the office of legislative counsel will ensure that the reprint of the bill is correct and will reflect the motion as if it referred to clause (c).

**The Chair (Mr. Pat Hoy):** Understood? Any comment? Is there any comment on counsel's pronouncement? Hearing none, all in favour? Opposed? Carried.

Number 2 in your package is an NDP motion.

**Mr. Peter Tabuns:** I move that section 6 of the bill be amended by adding the following subsection:

"(1.1) Clause 6(1)(b) of the act is amended by adding 'giving the highest priority to public transit' at the end."

This is simply to make it very clear that this body is to see public transit as its highest priority. Frankly, if we want to have a system of transportation in this region that works, transit is going to have to be at the heart of it.

**The Chair (Mr. Pat Hoy):** I did not call for the final vote on section 5, so before we get to Mr. Tabuns' amendment, shall section 5 carry, as amended? All in favour? Carried.

I apologize for that. Now, Mr. Tabuns, any comment to your motion?

**Mr. Peter Tabuns:** I made my comment.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mrs. Linda Jeffrey:** We recognize the importance of this legislation and the need to get it right. We agree that public transit is our top priority and we're pleased to see that public transit was front and centre in the regional transportation plan adopted by Metrolinx in November. Metrolinx's priorities and decisions are guided by that plan, which reflects the responsibilities of Metrolinx to consider all modes of transportation, including highways, transit, walking and cycling. Tying the hands of Metrolinx is not the best way, we believe, to support our transit objectives. The board needs to be able to find the right balance amongst all modes of transportation. Therefore, we won't be supporting this motion.

**The Chair (Mr. Pat Hoy):** Further comment?

**Mr. Peter Tabuns:** I'm surprised at the parliamentary assistant's comments. It isn't a question of tying the hands of Metrolinx; it's making sure that their investment decisions, their analysis, is consistent with what this government says it wants to have happen, and that's to develop an environmentally sustainable, cost-effective urban form. So I would say that this direction is entirely in keeping with what the government has stated its priorities are. Anyway, I'm surprised at the comments.

**The Chair (Mr. Pat Hoy):** Mr. Barrett, did you have a comment?

**Mr. Toby Barrett:** I just had a question. I know the opposition wasn't here when the meeting commenced. Which motion are we on?

**The Chair (Mr. Pat Hoy):** Number 2 in your package, the NDP motion.

**Mr. Toby Barrett:** Okay. We've already voted on the first NDP motion?

**The Chair (Mr. Pat Hoy):** We voted on number 1, which was a government motion.

**Mr. Toby Barrett:** Yes, okay.

**The Chair (Mr. Pat Hoy):** So we're on number 2, the NDP motion.

Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

NDP motion number 3.

**Mr. Peter Tabuns:** I move that subsection 6(4) of the bill be amended by adding the following clause:

"(e) advise the minister and the heads of the councils of the municipalities in the regional transportation area of the implications to the local transit systems in the regional transportation area presented by,

"(i) the minister's transportation strategy for the province as it applies to the regional transportation area,

"(ii) the transportation plan for the regional transportation area developed and adopted by the corporation,

"(iii) the prescribed provincial plans and policies,

"(iv) the official plans of the municipalities in the regional transportation area, and

"(v) the major development proposals in the regional transportation area that may affect the optimal use and location of transportation infrastructure, including highway and transit infrastructure;"

It's very clear that with the changes in governance of this body, the impact of Metrolinx on local municipalities is going to occur with less notice and less input from those municipalities. So at a minimum, the province has to continue to advise municipalities about the impacts of their transit plans.

**The Chair (Mr. Pat Hoy):** Thank you. Ms. Jeffrey.

**Mrs. Linda Jeffrey:** Municipalities are crucial partners in achieving our transit and broader transportation goals in the greater Toronto and Hamilton area. We're committed to ensuring the continued and ongoing consultations with municipalities as we move forward with the implementation of the regional transportation plan.

We feel that municipalities and not Metrolinx are best able to identify the implications of provincial plans and policies for their local transit systems. The motion would result in a confusing role for Metrolinx, advising municipalities about their own local transit systems rather than focusing on implementing the regional transit system in partnership with municipalities. We won't be supporting this motion.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Mr. Tabuns?

**Mr. Peter Tabuns:** Yes. If in fact Metrolinx doesn't think through the impact on local transit systems and can't explain that to municipalities, it may find itself in a situation where its activities are at cross-purposes with those of a municipality. Obviously, the primary concern here is advising municipalities, but the second part of it is making sure that Metrolinx has thought through what the

impact is going to be. If it doesn't do that and it can't explain it, then it's going to be running into problems.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

NDP motion number 4.

**Mr. Peter Tabuns:** I move that section 6 of the bill be amended by adding the following subsection:

"(4.1) Subsection 6(1) of the act is amended by adding the following clause:

"“(f) obtain the consent of the council of a municipality before the corporation takes any action that will have a financial impact on that municipality;”"

The act gives the minister new powers to issue policy statements and revise transportation plans, and removes municipal representation from the board. It's going to be important for municipalities to have input into decisions that affect them financially and, in some ways, stop what could become downloading. I think that, again, it would serve the government's interests to have this sort of check in place and I would urge the government to support this amendment.

**0910**

**The Chair (Mr. Pat Hoy):** Further comment? Ms. Jeffrey.

**Mrs. Linda Jeffrey:** As I stated earlier, we do value our relationships with municipalities and we are committed to consulting and working with our municipalities as we implement the regional transportation plan.

The legislation makes it clear that Metrolinx must consult and liaise with municipalities as they work to integrate the transportation plan across the region. Metrolinx will be responsible for delivering the regional transit plan; however, as a provincial agency with a regional perspective, Metrolinx should be bound by provincial rather than municipal approvals.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none. All in favour? Opposed? The motion is lost.

NDP motion number 5. Mr. Tabuns.

**Mr. Peter Tabuns:** I move that section 6 of the bill be amended by adding the following subsection:

"(5.1) Subsection 6(2) of the act is amended by adding the following clause:

"“(b.1) make public transit the highest priority;”"

I had moved an earlier resolution to that effect. If, in fact, the government sees taking on climate change and air pollution as very high priorities, then directing Metrolinx to make public transit the highest priority in their transit planning is consistent with what they've said their position is. This should not be a problem for the government to adopt this amendment.

**The Chair (Mr. Pat Hoy):** Any other comment? Ms. Jeffrey.

**Mrs. Linda Jeffrey:** The regional transportation plan adopted by Metrolinx does reflect the high priority that we place on all public transit. Metrolinx's priorities and decisions are guided by that plan, which also reflects the responsibilities of Metrolinx, as I stated earlier, to con-



sider all modes of transportation, including highways, transit, walking and cycling. Tying the hands of Metrolinx is not the best way to support our transit objectives. The board needs to be able to find a right balance between all the modes of transportation. We won't be supporting this motion.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Peter Tabuns:** I find the position of government on this contradictory. It contradicts their stated purposes in a variety of other policy areas. I hear what the parliamentary assistant is saying. Again, it doesn't reflect the other substantial statements of this government and I think it will be a problem for the operation of this authority.

I ask for a recorded vote when one occurs, Mr. Chair.

**The Chair (Mr. Pat Hoy):** Any other comment? A recorded vote is requested.

### Ayes

Tabuns.

### Nays

Arnott, Arthurs, Barrett, Jeffrey, Levac, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost. That completes amendments to section 6.

Shall section 6 carry? All in favour? Opposed? Carried.

NDP motion on page 6. Mr. Tabuns.

**Mr. Peter Tabuns:** I move that the bill be amended by adding the following section:

"6.1 The act is amended by adding the following section:

"Corporation's approval required for large highway projects

"6.1 The corporation shall review and approve or reject every proposal with a budget of over \$25 million by any person or entity to expand or upgrade a highway and no such project may proceed without the corporation's approval."

Currently, new highway projects aren't reviewed by Metrolinx. Again, if the priority, as set out in the preamble, to have a good, rapid transit system, modern and efficient, one that will enhance customer experience for transit users, one that will reduce greenhouse gas emissions—if you want to meet those objectives set out in the preamble, then you have to make sure that the priorities set out in the bill reflect that preamble. If you don't give Metrolinx direction to take on greater and greater investment in highways, then you won't be able to meet the standards set out in the preamble.

**The Chair (Mr. Pat Hoy):** Any other comment? Ms. Jeffrey.

**Mrs. Linda Jeffrey:** We agree with the need for municipal and provincial transportation systems to work in harmony across the greater Toronto and Hamilton area.

The regional transportation plan and the municipal official plans all support the provincial growth plan and its emphasis on reducing the need for roads.

This motion would grant Metrolinx approval powers over highway infrastructure decisions of both provincial and municipal governments. Metrolinx is a planning and implementation agency, and it is not intended to be an approval authority over provincial and municipal governments. We won't be supporting this motion.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment?

All in favour? Opposed? The motion is lost.

That would have created a new section. It didn't carry, so there's no need to carry the section that didn't succeed.

NDP motion 7. Mr. Tabuns.

**Mr. Peter Tabuns:** I move that section 8.1 of the Greater Toronto Transportation Authority Act, 2006, as set out in section 9 of the bill, be amended by adding the following subsection:

"Transit systems not to be sold to for-profit entities

"(2.1) A passenger transportation system or any assets of a passenger transportation system owned by the corporation, by a subsidiary corporation of the corporation or by the corporation and one or more of its subsidiary corporations shall not be sold to a corporation, person or entity that carries on business for profit."

Very simply, to prevent the transfer of transit assets or systems from public to private hands.

**The Chair (Mr. Pat Hoy):** Thank you. I'm going to stop here for a moment. I'm looking at my motion sheet and I should be looking at the sections first.

Sections 7 and 8 have no amendments. Shall they carry, inclusive, sections 7 and 8? All in favour? Carried.

I apologize. I'll have to look at this sheet before I go to the other one.

Any comment to the NDP motion on number 7?

**Mrs. Linda Jeffrey:** As we stated earlier, the public interest is at the forefront of our minds in the development of this act. It's common practice for transit organizations to engage in partnerships with other organizations to effectively deliver many of our business objectives and to serve customers better.

The proposed amendment would undermine Metrolinx's ability to fully investigate options to ensure the most effective implementation of transit projects and customer service projects. We won't be supporting this motion.

**The Chair (Mr. Pat Hoy):** Mr. Tabuns.

**Mr. Peter Tabuns:** In my mind, it raises the question as to whether or not the government is considering privatizing any portion of the transit systems that are now in operation under its control or that might come under its control. Is the government saying that it is now open to privatization of public transit systems?

**Mrs. Linda Jeffrey:** We've looked at other systems, and other systems have used opportunities to work with other groups in order to maximize benefits or to minimize the dollars they spend on portions of transit. I think what we're trying to do is make sure Metrolinx has the

flexibility to look at other options, should they choose to do so.

**Mr. Peter Tabuns:** So the door is being opened to privatization and I think that's an important piece of information.

Recorded vote.

### Ayes

Tabuns.

### Nays

Arnott, Arthurs, Barrett, Jeffrey, Levac, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.

That completes any amendments put forward for section 9.

Shall section 9 carry? All in favour? Opposed? Carried.

On section 10, the NDP does not have an amendment but rather a statement. Is there any comment, Mr. Tabuns?

**Mr. Peter Tabuns:** With regard to section 10 of the bill, which strikes me as one of the central pieces of why this legislation is before us, to remove elected representatives from the board, I think if you're going to run a regional transit authority, it's to your advantage to have those elected representatives on board. They give you knowledge of what's going on politically at the ground level and give you an opportunity to develop buy-in and, frankly, given that transit systems don't exist in a vacuum, they exist in a political, social and economic context, I think they give you more information than you would get from a board of people who, whatever skills they may have, don't necessarily know what's going on politically in a region. So I think the government is wrong to go in this direction and it should abandon this part of its legislation.

0920

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mrs. Linda Jeffrey:** This section does deal with the Metrolinx board and its makeup. We have tried to put forward a set of guidelines that will provide the board with corporate experience. We recognize the value of municipal leaders in having shaped the regional transportation plan and we're grateful for their work. Indeed, we will continue to work strongly and consult with our partners in the municipal sector to achieve the goals that we've set out.

The new Metrolinx organization will own transit assets, they'll operate the GO transit system, and they're moving into a phase of building and implementation where skills and experience of the new board will be critical.

The new board will be directly accountable to the provincial government, so we believe that it's important that we vote in support of this section.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Peter Tabuns:** No. I would like a recorded vote on this. I don't want to do it on every one, but I think this is a critical piece.

**The Chair (Mr. Pat Hoy):** We can vote on the section, but this is not an amendment.

**Mr. Peter Tabuns:** I understand that. A vote on the section, please.

**The Chair (Mr. Pat Hoy):** Very good. Any other comment? Hearing none, a recorded vote is requested.

### Ayes

Arnott, Arthurs, Jeffrey, Levac, Pendergast, Sousa.

### Nays

Tabuns.

**The Chair (Mr. Pat Hoy):** Section 10 is carried.

There are no amendments to section 11. Is there any comment on section 11?

Shall section 11 carry? All in favour? Opposed? Carried.

Section 12: There is an amendment, NDP motion number 9.

**Mr. Peter Tabuns:** I move that subsection 11(3) of the Greater Toronto Transportation Authority Act, 2006, as set out in subsection 12(2) of the bill, be amended by adding the following paragraphs:

"6. When the board is considering the adoption of a capital plan.

"7. When the board is approving its annual budget."

I find it very strange that the debates on the adoption of a capital plan and the annual budget are not open to the public. Frankly, I think that those things have to be open to the public. Our debates on our budget are open to the public. The municipalities that are members—sorry, not members anymore—that are going to be subject to the rules of this transportation authority have to have their debates in public. I don't see why Metrolinx debates shouldn't be in public.

**Mrs. Linda Jeffrey:** This government places a high value on transparency. Bill 163 specifically ensures that meetings on the regional transportation plan, the investment strategy, annual reports and changes in fares will be open. The board can also open to the public any other meeting they choose. As a provincial agency, Metrolinx's annual budget and five-year capital plan are ultimately approved and funded by the province. It may be inappropriate for Metrolinx to discuss its draft budget and five-year capital plans in a public forum, as this may impact the province's budgetary process. The Metrolinx draft budget and capital plans are considered advice to the government, which has long been held confidential. So we won't be supporting this motion.

**Mr. Toby Barrett:** We will be supporting this motion. I did not hear any valid reason why this level of transparency should be removed. We're dealing with a



process here that's going to end up spending \$50 billion of taxpayers' money. That's \$50 billion over 10 years going into the GTA. I don't think it's going into other areas beyond the GTA. I don't think there's really been any discussion about this allocation of money in my riding. Perhaps there's been discussion, government consultations have been held, in the Brant riding, other ridings in northern Ontario and elsewhere. I just don't know to what extent people understand what's going on here and to what extent the government has set in place a process that will ensure transparency not only in recent months but over the next 10 years, when the last dollar of that \$50 billion is spent.

I don't recall this being in the budget, for that matter. I don't recall that \$9 billion that we read about in the paper a few weeks ago being talked about in the budget. I'm very concerned, and I'm very pleased the NDP have put forward this motion with respect to transparency. We hear so much about stimulus spending. In the United States it's called pork barrel spending. One of the most notorious proposals is to build a high-speed rail link from Las Vegas to Los Angeles. I know we're talking about a high-speed rail link here. Down there, they call it pork. I would like to find out to what extent these kinds of initiatives and this \$50 billion in spending is being explained to the people in Ontario. For that reason, I support the NDP motion.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Tabuns.

**Mr. Peter Tabuns:** Just, Mr. Chair, that these meetings are open now to the public. What we're being told is that the decisions that come out of these board meetings will be advice to the provincial government about their budgeting process. I would assume that the current board is giving advice to this government, so I don't see why the change. Let's assume that this is correct; in the end, why do you actually have a board? Why don't you just hire bureaucrats who will mull things over and give you advice? If you're going to have a board that's making these decisions, then it should be open to the public. If you have bureaucrats who are coming up with a position paper and passing that on to the minister, it's a different matter.

I think what we're seeing in this process is increasingly this entity, this corporation, simply becoming an administrative function of the government, not having any real arm's-length function. One asks, then, why would you go through all the trouble of incorporating it and putting people on the board? Why don't you just have the civil servants write the proposals and flow them straight through to the minister?

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Those opposed? The motion is lost.

Shall section 12 carry? All in favour? Opposed? Carried.

We have a comment on page 10 to section 13. Mr. Tabuns.

**Mr. Peter Tabuns:** Just very simply, if you're going to have an entity that has some independence, then the

corporation's chief executive officer should be appointed by the board. But given everything else that's going on, this is not going to be a very arm's-length agency anyway. I'll just go to the vote.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, a recorded vote is requested on section 13.

## Ayes

Arthurs, Jeffrey, Levac, Pendergast, Sousa.

## Nays

Tabuns.

**The Chair (Mr. Pat Hoy):** Section 13 is carried.

Section 14: There is an NDP motion, page 11.

**Mr. Peter Tabuns:** I move that section 14 of the bill be amended by adding the following subsection:

"(3) Section 16 of the act is amended by adding the following subsection:

"For-profit partnerships re transit systems prohibited

"(4) The corporation shall not enter into a partnership to design, develop, construct, manage or operate the GO Transit system, a prescribed passenger transportation system or any other transit system with a corporation that carries on business for profit."

0930

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Peter Tabuns:** Simply—and I've made the comments before—I'm worried that the structure of this bill is one that will allow for privatization of the transit system. I think that's a mistake. I think it's problematic for this province to go in that direction. I believe that the government should turn its back on this direction.

**The Chair (Mr. Pat Hoy):** Any other comments? Ms. Jeffrey.

**Mrs. Linda Jeffrey:** I have the same comments I did in the last motion. We feel this is going to tie Metrolinx's hands, and we want to make sure they have the opportunity to fully investigate all opportunities as they move forward with the regional transportation plan implementation.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Shall section 14 carry? Carried.

Sections 15, 16 and 17 do not have any amendments. Is there any comment to any section? Sections 15, 16 and 17 inclusive, shall they carry? Carried.

We have a government motion on page 12. Ms. Jeffrey?

**Mrs. Linda Jeffrey:** I move that the bill be amended by adding the following section:

"17.1 The act is amended by adding the following section before the heading 'Financial Matters':

"Administrative fees for contravention of parking and fare bylaws

"21.1(1) The corporation's board of directors may pass bylaws establishing a system of administrative fees under which a person is liable to pay an administrative fee to the corporation if the corporation is satisfied that the person contravened,

"(a) a bylaw passed under clause 21(1)(a) respecting the stopping, standing or parking of vehicles on land owned, used or occupied by the corporation; or

"(b) a bylaw passed under clause 21(1)(d) respecting the payment of fares by passengers.

"Same

"(2) A bylaw passed under subsection (1) may also provide for the enforcement of the payment of the administrative fee, including when and how the fee is payable, and that an unpaid fee becomes a debt due to the corporation enforceable in a court of competent jurisdiction.

"Penalties for bylaw contravention not affected

"(3) The imposition or collection of an administrative fee for contravention of a bylaw described in clause (1)(a) or (b) is in addition to and does not preclude the person who is liable to pay the fee from,

"(a) being charged with and convicted of an offence for contravention of the same bylaw; or

"(b) agreeing to pay the penalty out of court as provided by subsection 21(4) for contravention of the same bylaw.

"Limitation

"(4) Despite subsection (1), the corporation does not have the power to enforce a bylaw passed under that subsection until a regulation is made under subsection (5).

"Regulations

"(5) Upon the recommendation of the Attorney General, the Lieutenant Governor in Council may make regulations providing for any matters which, in the opinion of the Lieutenant Governor in Council, are necessary or desirable for the purposes of this section, including,

"(a) granting the corporation powers with respect to the establishment of a system of administrative fees and with respect to other matters necessary for a system of administrative fees, including requiring that there be, and governing, a review or appeal, or both, from the imposition of an administrative fee; and

"(b) imposing conditions and limitations on the corporation's powers with respect to administrative fees, including requiring that the fees be imposed and used for specified purposes and prescribing a maximum fee."

**The Chair (Mr. Pat Hoy):** Thank you. Any comment?

**Mrs. Linda Jeffrey:** This amendment establishes the framework for the new Metrolinx to set up an administrative fee system for fare and parking bylaw infractions on regional transportation systems under its authority, including GO Transit. This would move thousands of GO Transit cases off the overburdened court system administered by our municipalities. This would allow municipalities more court time to enforce their own bylaw infractions. In turn, GO Transit customers will have access

to a more convenient system for resolving disputes on fare and parking tickets.

We've had some discussions with municipal court and other municipal officials and they've indicated no concern with this proposal. The administrative fees would only be implemented after the approval of an LGIC regulation. We will undertake further consultation with municipalities as part of that process.

**The Chair (Mr. Pat Hoy):** Mr. Tabuns.

**Mr. Peter Tabuns:** Just out of curiosity, Linda, how exactly will someone dispute this fee?

**Mrs. Linda Jeffrey:** I'm told that should you not validate your GO pass, you would be able to go to a more central location. Perhaps you could go to Union Station, speak to somebody there and demonstrate the fact that you used the card every day and validated it, and it was a one-time oversight. You could have a decision made right there rather than going to court. So it would be more of a convenience factor.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall section 17.1 carry? All in favour? Opposed? Carried.

Actually the last amendment created that section, so just to be cautionary, we had two votes.

Now, there are no amendments to sections 18, 19 and 20, inclusive. Is there any comment? All in favour of those, 18, 19 and 20, inclusive? Opposed? Carried.

On page 13 there's a comment. Mr. Tabuns?

**Mr. Peter Tabuns:** Withdrawn. It's now redundant.

**The Chair (Mr. Pat Hoy):** Withdrawn. Thank you.

There are no amendments to sections 21, 22 and 23, inclusive. Shall they carry? All in favour? Opposed? Carried.

Section 24: NDP motion, page 14.

**Mr. Peter Tabuns:** I move that section 32.1 of the Greater Toronto Transportation Authority Act, 2006, as set out in section 24 of the bill, be amended by striking out "On or before June 1, 2013" at the beginning and substituting "On or before June 1, 2010".

I have no idea why we would wait four years to have a funding mechanism investment plan in place. If we want to move ahead quickly with regional transit, then we have to know fairly quickly and certainly before the next provincial election how it's all going to be paid for. I think it's reasonable for critics to say that the date is being set because of consideration for election dates and not for the needs of transit users. So I move the change.

**The Chair (Mr. Pat Hoy):** Mr. Barrett.

**Mr. Toby Barrett:** My colleague mentions four years, and I guess that would be the year 2013. That conveniently falls after the next election. I don't see how any board could make future plans without having a more specific idea of what the funding is for this. We read about \$50 billion over 10 years, but a budget is a plan, and you can't make a plan without a budget and you can't make a budget without a plan. There seems to be a disconnect. For that reason we support this NDP motion.



**The Chair (Mr. Pat Hoy):** Any other comment? Ms. Jeffrey.  
0940

**Mrs. Linda Jeffrey:** This legislation doesn't prevent Metrolinx from reporting back on an investment strategy earlier than 2013. It's required to report back no later than this date. Metrolinx has already been formulating some ideas on how to generate revenues and how to fund transit infrastructure in the GTA and Hamilton area.

We've made record investments in transportation, and we will put shovels in the ground as soon as possible. We know that more needs to be done. We're going to be consulting with our partners and our stakeholders on how to close the gap and fund the transit network we need.

Metrolinx, in consultation with the province, determined that it would be best to utilize the province's \$11.5-billion Move Ontario 2020 commitment to build the first phase of the regional transportation plan. We expect that this will take us through to the year 2015. The province will also continue to press the federal government on becoming a funding partner.

We won't be supporting this recommendation.

**The Chair (Mr. Pat Hoy):** Any other comment?

Hearing none, all in favour? Opposed? The motion is lost.

Shall section 24 carry? All in favour? Carried.

There are no amendments to sections 25, 26, 27, 28 and 29. Any comment?

Shall sections 25 to 29, inclusive, carry? Opposed? Carried.

NDP motion on page 15. Mr. Tabuns.

**Mr. Peter Tabuns:** I move that subsection 30(2) of the bill be struck out.

Again, it's a question of accountability. I think the arguments have been made.

**The Chair (Mr. Pat Hoy):** Motion 15 was dependent on a prior motion, number 3, which was lost, so the motion is out of order.

Shall section 30 carry? All in favour? Opposed? Carried.

There are no amendments to section 31. Shall section 31 carry? All in favour? Opposed? Carried.

Government motion, page 16. Ms. Jeffrey.

**Mrs. Linda Jeffrey:** I move that the bill be amended by adding the following section:

"31.1 Section 49 of the act is repealed and the following substituted:

""Toronto Area Transit Operating Authority Act

""49. Section 7 of the Toronto Area Transit Operating Authority Act is repealed and the following substituted:

""Transfer of rolling stock if necessary

""7(1) Metrolinx shall transfer to the authority good title in a unit of railway rolling stock that vested in Metrolinx under subsection 44(1) of the Metrolinx Act, 2006, free and clear of all liens and encumbrances, if the authority requires a unit of railway rolling stock as a replacement unit under article 10.1 of any of the conditional sale agreements described in clause 5(a).

""Transfer is without compensation

""(2) If Metrolinx is required to transfer title in a unit of railway rolling stock, it shall do so without compensation.""

This is a housekeeping item, updating the language in the Toronto Area Transit Operating Authority Act to reflect the changes made by Bill 163.

**The Chair (Mr. Pat Hoy):** I'm going to make a comment on this particular motion. I would like to inform the committee that this motion would open up section 49 of the Greater Toronto Transportation Authority Act, 2006. This section was not previously opened in Bill 163.

Normally, an amendment that opens a section of a parent act not open in the amending bill is ruled out of order. Exceptions may be allowed if, without the amendment, the act, as amended by the bill, would contain an inconsistency or an error or create a conflict in terms of language or reference. For example, a motion changing the term "chairman" to "chair," where the rest of the act uses "chair," would be in order. Likewise, a motion changing a reference to a section or subsection where, as a result of the bill, the reference would no longer be accurate, would also be in order.

Having reviewed the amendment and consulted the clerk of the committee and legislative counsel, I've determined that this amendment satisfies the exceptions mentioned above, and that without this amendment, Bill 163 would create a conflict in terms of both language and reference in the parent act. Therefore, the motion is in order.

Any comment? Hearing none, all in favour? Opposed? Carried.

We have no amendments to sections 32 and 33. Any comment? Hearing none, all in favour? Opposed? Carried.

Government motion on page 17.

**Mrs. Linda Jeffrey:** I move that the bill be amended by adding the following section:

"33.1 Paragraph 6 of subsection 11.12(2) of the City of Hamilton Act, 1999 is repealed and the following substituted:

"6. The regional transit system as defined in section 1 of the Metrolinx Act, 2006."

This is also a housekeeping item to update the language in the City of Hamilton Act, 1999, to reflect changes made by Bill 163.

**The Chair (Mr. Pat Hoy):** I would just like to inform the committee that this amendment opens up the City of Hamilton Act, 1999. This act was not previously opened in Bill 163. Normally, an amendment that opens an act that is not open is ruled out of order. However in this case, much like the previous motion, without the amendment, the bill would create a conflict in terms of language and references between acts.

Having reviewed the amendment and consulted the clerk of the committee and legislative counsel, I've decided that this amendment satisfies the exceptions mentioned previously and that without this amendment Bill 163 would create a conflict in terms of language and

reference across statutes. The motion is therefore in order.

Any comment? Hearing none, all in favour? Opposed? Carried.

**The Chair (Mr. Pat Hoy):** There are no amendments to sections 32 or 33. Any comment?

*Interjection.*

**The Chair (Mr. Pat Hoy):** Oh, there are no amendments to sections 34 and 35. Any comment? All in favour? Carried.

Government motion on page 18. Ms. Jeffrey.

**Mrs. Linda Jeffrey:** I move that the long title of the bill be amended by adding “and to make consequential amendments to another act” at the end.

This is a housekeeping item to update the long title of the bill to accurately reflect the amendments contained within it.

**The Chair (Mr. Pat Hoy):** Thank you. Any comment? Hearing none, all in favour? Opposed? Carried.

Shall the title of the bill, as amended, carry? All in favour? Opposed? Carried.

Shall the preamble carry? Opposed? Carried.

Shall Bill 163, as amended, carry? All in favour? Opposed? Carried.

Shall I report the bill, as amended, to the House? Opposed? Carried.

We are adjourned.

*The committee adjourned at 0950.*





## CONTENTS

Thursday 30 April 2009

<b>Greater Toronto and Hamilton Area Transit Implementation Act, 2009, Bill 163, <i>Mr. Bradley</i> / <b>Loi de 2009 sur l'aménagement du réseau de transport en commun de la région du grand Toronto et de Hamilton,</b> projet de loi 163, <i>M. Bradley</i> .....</b>	<b>F-829</b>
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### STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

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Mr. Peter Tabuns (Toronto–Danforth ND)

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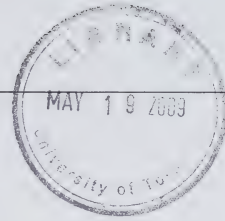
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XC25  
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F-32

F-32

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## Legislative Assembly of Ontario

First Session, 39<sup>th</sup> Parliament

## Assemblée législative de l'Ontario

Première session, 39<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 7 May 2009

# Journal des débats (Hansard)

Jeudi 7 mai 2009

## Standing Committee on Finance and Economic Affairs

Budget Measures Act, 2009

## Comité permanent des finances et des affaires économiques

Loi de 2009 sur  
les mesures budgétaires

Chair: Pat Hoy  
Clerk: William Short

Président : Pat Hoy  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRS

Thursday 7 May 2009

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Jeudi 7 mai 2009

*The committee met at 0901 in room 151.*

## SUBCOMMITTEE REPORT

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. Our first bit of business this morning is to have the subcommittee report placed. Mr. Arthurs.

**Mr. Wayne Arthurs:** Your subcommittee on committee business met on Wednesday, April 22, 2009 to consider the method of proceeding on Bill 162, An Act respecting the budget measures and other matters, and recommends the following:

(1) That, pursuant to the order of the House dated April 21, 2009, the committee hold public hearings in Toronto, at Queen's Park, on Thursday, May 7, 2009, from 9 a.m. to 10:15 a.m. and from 2 p.m. to 6 p.m.

(2) That the clerk of the committee, with the authorization of the Chair, post information regarding the committee's business once in the following newspapers as soon as possible: Toronto Star, Ottawa Citizen, London Free Press, Thunder Bay Chronicle, Windsor Star and L'Express de Toronto.

(3) That the clerk of the committee, with the authorization of the Chair, post information regarding the committee's business on the Ontario parliamentary channel, on the committee's website and with Canada NewsWire.

(4) That the deadline for receipt of requests to appear before the committee be 5 p.m. on Friday, May 1, 2009.

(5) That, following the deadline for receipt of requests to appear on Bill 162, the clerk of the committee provide the subcommittee members with an electronic list of all requests to appear.

(6) That, if required, each of the subcommittee members supply the clerk of the committee with a prioritized list of the witnesses they would like to hear from by 5 p.m. on Monday, May 4, 2009. These witnesses must be selected from the original list distributed by the committee clerk.

(7) That groups and individuals be offered 10 minutes for their presentations, followed by five minutes for questioning by committee members.

(8) That the deadline for receipt of written submissions be 5 p.m. on Thursday, May 7, 2009.

(9) That the research officer provide a summary of presentations prior to the start of clause-by-clause consideration of the bill.

(10) That, pursuant to the order of the House dated Tuesday, April 21, 2009, the committee meet for clause-by-clause consideration on Thursday, May 14, 2009, from 9 a.m. to 10:15 a.m. and 2 p.m. to 6 p.m., and that the committee be authorized to meet beyond the normal hour of adjournment until completion of clause-by-clause consideration.

(11) That the clerk of the committee, in consultation with the Chair, be authorized to commence making any preliminary arrangements necessary to facilitate the committee's proceedings prior to the adoption of this report.

Mr. Chairman, that's your committee report.

**The Chair (Mr. Pat Hoy):** Any comment? Hearing none, all in favour? Carried.

## BUDGET MEASURES ACT, 2009

LOI DE 2009 SUR  
LES MESURES BUDGÉTAIRES

Consideration of Bill 162, An Act respecting the budget measures and other matters / Projet de loi 162, Loi concernant les mesures budgétaires et d'autres questions.

## ONTARIO CHAMBER OF COMMERCE

**The Chair (Mr. Pat Hoy):** Now we will ask our first presentation of the morning, the Ontario Chamber of Commerce, to come forward, please.

Good morning, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to state your names for the purposes of our recording Hansard.

**Mr. Len Crispino:** Len Crispino, president of the Ontario Chamber of Commerce, and my colleague Stuart Johnston, our vice-president of policy and government relations.

**The Chair (Mr. Pat Hoy):** Go ahead.

**Mr. Len Crispino:** Good morning, Mr. Chair and committee members. Thank you, first of all, for the opportunity to express our views on the 2009 provincial budget, a document that in our opinion contains many of the measures that we believe, from our standpoint, serve to make Ontario a more competitive jurisdiction in the years to come.

I've already introduced Mr. Johnston, who will help me to address any of the questions you might have later on.

Our organization represents some 60,000 businesses from all parts of the economy across Ontario, through 160 local chambers and boards of trade. We do not represent one particular sector only, but rather the collective and cumulative views of business in this province.

Our mission is to research and to promote important policy issues that serve to bring economic renewal and business competitiveness back to this province.

The OCC has also been talking lately about a dream for Ontario—a vision for the province. Just imagine Ontario as a magnet for the world. We know that our province has much to offer its people, its businesses, its visitors, our nation and indeed the world. In many ways, we are already a magnet for the world, but could we be better at what we do, what we offer? Are there ways and means that we can all contribute to that dream, both on an individual and collective basis? Of course, the answer is yes.

While there are many things that we can all do to share our positive experiences about Ontario and to motivate our own selves to strive further and achieve that dream in our own way, we are also here this morning to talk about very specific and positive initiatives that will indeed serve to make Ontario the magnet of which we speak.

I, of course, am referring to the economic building blocks that were announced in the March 26 budget. These building blocks have been key priorities for our membership for a number of years now, priorities that we have long, long advocated for, and when taken cumulatively—and that's really important, that we look at this in a cumulative fashion—will strengthen our economy and improve our business competitiveness.

Our members have consistently identified high and inefficient taxation and regulations as significant impediments to their prosperity and competitiveness. So this budget serves our membership well by addressing many of their key priorities:

- it will eliminate the job-killing small business clawback;

- it will eliminate, finally, the capital tax—a tax on investment—for all businesses;

- it will adjust downward the corporate minimum tax to attract more investment;

- it will increase the capital cost allowance for manufacturers to encourage business investments;

- it will also enhance the co-operative education tax credit to attract and train skilled workers; and

- it will reduce the small business tax to support our entrepreneurs and reduce the corporate income tax rate to 10%.

And, of course, Ontario will move to a single sales tax in 2010, a move that the Ontario Chamber of Commerce has been calling for since 2004.

Now, consider where Ontario is right now: We know that taxes on new business investment in Ontario are

among the highest across developed countries and we know that our productivity significantly lags behind our main competitors across North America. A lack of adequate growth in capital investment and a growing reduction in our skilled labour force are just two of the reasons behind this productivity gap.

The bottom line to all of this is, Ontario needs to conduct business differently, and smarter taxation will put this province back in the game in terms of productivity, foreign and domestic investment and, most importantly, a higher quality of life for its citizens.

We realize that the bold decision to harmonize our sales taxes is not without controversy and confusion. Unfortunately, it is not an easy issue to explain or understand; nevertheless, its complexities, in our opinion, are not a reason to shy away from this very smart tax move. Bear in mind that none of our members—in fact, we've yet to find anyone—supports the retail sales tax. It is consistently and annually cited as a job-killer and a significant cost to doing business by our membership.

Our support for HST goes back to 2004 and was reinforced again by our membership in 2007 as a packaged approach to fixing Ontario's tax structure, a package that included corporate tax harmonization, the elimination of the capital tax, reduced corporate taxes and, of course, the HST.

We took well over a year to examine the impacts of harmonization on consumers, business and government. We looked only at the facts and the Canadian experience with harmonization. I can tell you that our report, as well as countless other studies and reports over the past 15 to 20 years, point to sales tax harmonization as one of the smartest tax policies available to government.

#### 0910

What we found was that a single sales tax is a win-win-win for consumers and business as well as government. Oftentimes politicians get mud thrown at them, but in this case, we must congratulate the government for moving down this path.

As we've said, it is a difficult issue to understand, particularly when one's natural tendency is to look at it through the consumer lens of a single purchase at a single point in time. But to examine one particular business example or to look at one particular transaction at a point in time is not, in our opinion, the correct math for this or any other tax policy. One must look at the entire economy, the net effects on all businesses and the net effects on the consumer over a period of time. It's not only the business-to-consumer transactions, but one must also remember all of the business-to-business transactions throughout the entire supply chain—transactions that will no longer continually add layers and layers of provincial sales tax, layers of costs that are ultimately reflected in the final sticker price of that good or service today.

When Ontario and the world will be on the cusp of coming out of the recession next year, we hope, a single sales tax and other measures in the budget will give Ontario a much-needed edge in terms of attracting business and investment at a time when it will most be



needed. So the move to a single sales tax will occur at precisely the right time, when we will be competing, literally, with the world to attract investment and opportunities to grow our businesses and economy. And the economy will grow. Our research has shown it; the math adds up and the real Canadian experience has clearly demonstrated the benefits. What our research has shown is that, on average, consumers will be paying between \$14 and \$70 more per year in sales tax, a range that was borne out by the Atlantic provinces, which harmonized some 12 years ago.

A recent study by the University of Toronto, for example, found that there were no significant price increases for consumers. In total, consumer prices dropped by 0.3% in the Atlantic provinces as a result of harmonization, and in fact, investment rose significantly in these provinces as well. That was an overall investment per capita increase of 11%, and for business investment in machinery and equipment, a 12% increase.

Ontario needs such investments now to stimulate the economy and to grow our businesses and jobs, and we know the HST is a powerful tool to accomplish this.

If one is skeptical about whether cost savings will be passed along to the consumer, we have two comments to offer on that. One, they need only to look at the real, documented Canadian experience when the Atlantic provinces moved to a single sales tax. Those cost reductions were real, they were visible and they were quantifiable.

Second, we are not willing to impugn the tens of thousands of hard-working Ontarians—our members, those entrepreneurs who form the backbone of our economy and the wealth creation of this province—by suggesting that they are not responsible businesspeople and they will, in some way, ignore the basic tenets of competition and the free market system.

The people who own and operate the hundreds of thousands of small, mid-sized and large businesses across Ontario need every break that they can get in order to make a living, to create wealth and to create jobs because, ultimately, it's about jobs. They need every edge possible to be competitive in our domestic and growing international markets.

In short, they will leverage their cost reductions in order to reinvest in their businesses, provide better, competitive wages to their employees and provide the best prices possible for their customers, here and abroad.

**The Chair (Mr. Pat Hoy):** You have about a minute left.

**Mr. Len Crispino:** Okay.

Unfortunately, many stories in the media have not been successful in accurately describing harmonization. It does not mean that prices will go up by 8%. Businesses will save upwards of \$500 million a year in administrative costs alone, when one considers that Ontario businesses pay about 35% of total sales taxes—or \$5 billion a year—to the provincial treasury. Under harmonization, much of these hidden taxes will be removed from the cost of doing business and the cost to the consumer.

Mr. Chair, I recognize that my time is up, but sales tax harmonization, in addition to the business and personal tax reductions in the budget—both their individual as well as their cumulative effects on business and the economy in general—lead us to one conclusion: Ontario will be a less expensive jurisdiction in which to invest.

Thank you for the opportunity to address your committee today. We'd be happy to answer any questions.

**The Chair (Mr. Pat Hoy):** Thank you. The first round of questioning will go to the official opposition. Mr. Arnott?

**Mr. Ted Arnott:** Thank you very much, Mr. Crispino, for coming in here today. It's good to see you again. We appreciate your thoughts.

I assume you're aware that Bill 162 doesn't have any provisions with respect to the implementation of the harmonized sales tax.

**Mr. Len Crispino:** Yes.

**Mr. Ted Arnott:** You're here to speak about Bill 162, and you've talked at length about the harmonized sales tax and why you think it's a good idea.

**Mr. Len Crispino:** The reason we have focused on the HST is because, in our opinion, you cannot divorce the different elements of the budget itself from the HST. Frankly, for far too long, whether it's in the media or elsewhere, we have looked at HST in a very segmented fashion. We believe that we need to look at the entire package. We have, as a chamber, since 2004, been advocating for not only HST but the harmonization of tax collection, the elimination of the capital taxes and some of the provisions that are currently found in the budget. So we thought it was important for the citizens of this province that we reflect their views in a holistic fashion.

**Mr. Ted Arnott:** I think many economists would argue that during a time of economic challenge and downturn, it's probably the worst time to bring in a new consumption tax. Our caucus is very concerned about that aspect of the government's plan. Are you?

**Mr. Len Crispino:** No, we're not, actually. We think this is absolutely the right time to bring in a new measure. I wouldn't call it a new tax. In our opinion, this is not a tax grab—

**Mr. Ted Arnott:** It's a new tax on a lot of things.

**Mr. Len Crispino:** This is not a tax grab. In our opinion, this is a smarter way of taxation. Most jurisdictions across the world have moved in this direction. We are one of the very few in the world that has this antiquated system of a dual form of taxation. We believe that this is smart tax at the right time, and we think it will poise the province in the right environment when we start coming out of the current recession that we're in today.

**Mr. Ted Arnott:** When did the government inform you that they were going to be putting this provision in the budget?

**Mr. Len Crispino:** Actually, we have been informing the government for quite some time that we believe that we would like this provision to be put into place. There have been continuous discussions since 2004. We have made numerous depositions to government—by the way,

governments of all political stripes. We have been working on this with them. We have provided information to them. There's been resistance by successive provincial governments on this, and we're delighted that the provincial government has taken on this issue.

**Mr. Ted Arnott:** With respect, Mr. Crispino, you didn't answer my question. When did the government inform you that they were going to be putting this in their budget?

**Mr. Len Crispino:** We only found out definitively that this would be in the budget on budget day, when we heard the speech. We've had discussions with government about our views on it and the advisability of the government moving in this direction, but in terms of knowing definitively when this was in the budget, it was when everyone else heard the budget.

**Mr. Ted Arnott:** Clearly, the government had a plan to leak out certain details of the budget in advance of its presentation in the House. We saw that in the paper on a daily basis over the course of several days in advance of the budget. I'm just wondering if you received a phone call from someone in the Ministry of Finance, perhaps, that informed you that this was going to be forthcoming.

**Mr. Len Crispino:** No. There were certainly discussions, as there are every time we make representation to government about the impact of this and what we would like to see and some of the benefits of moving in this direction, but at no time did someone say to us, "This will absolutely be in the budget."

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### INSTITUTE FOR COMPETITIVENESS AND PROSPERITY

**The Chair (Mr. Pat Hoy):** Now I call on the Institute for Competitiveness and Prosperity to come forward, please.

Good morning.

**Mr. James Milway:** Good morning.

**The Chair (Mr. Pat Hoy):** You have 10 minutes for your presentation. There could be up to five minutes of questioning after that. I would just ask you to state your name for our recording Hansard.

**Mr. James Milway:** My name is Jim Milway. I'm the executive director of the Institute for Competitiveness and Prosperity. Thank you very much for the opportunity to meet with you today.

0920

The Institute for Competitiveness and Prosperity is an independent organization established in 2001 to support the Task Force on Competitiveness, Productivity and Economic Progress. Our mandate, as announced in the 2001 Ontario speech from the throne, is "to measure and monitor Ontario's competitiveness, productivity and economic progress compared to other provinces and US states, and to report to the public on a regular basis." The task force and the institute are chaired by Roger Martin,

dean of the Joseph L. Rotman School of Management at the University of Toronto.

In summary, we conclude that the recent Ontario budget represents an exceedingly important step forward, with its bold tax measures that will benefit all Ontarians. Businesses, consumers and families should be delighted with the leadership this government has shown. For us, the most positive feature is the impact it will have on new business investment and therefore jobs and wages. We need more investment by Ontario businesses to improve prosperity for the average Ontarian.

We and others have concluded that our businesses don't invest as much as their counterparts in machinery and equipment, particularly high-technology equipment and software. By our estimates for 2007, businesses in Ontario invested \$1,430, or about 16%, less per worker than their competitors in large US states. This matters because our workers can create more value if they are supported by the most advanced software or equipment. Our wages are directly related to the amount of value our workers create through more innovative products or services or greater efficiency. If we want higher wages and more secure jobs, we need more investment by our businesses.

Do taxes affect investments? Other factors definitely do matter, but there's plenty of evidence and plenty of research by tax experts and other economists to show that new business investments are increased when we lower taxes on them. One study by Department of Finance Canada economists indicates that for every 10% reduction in taxes on business investment, the expenditure on machinery and equipment increases by 10%. Our work and the work of others reach the same general conclusion: Lowering the cost of business investment means more investment. This means more high-paying jobs. Other research by Finance Canada shows that a reduction in business taxes does more for the average family than an equal reduction in the sales tax. This paradoxical result comes about because more business investment drives wages and job creation.

Unfortunately, Ontario has been a high-cost jurisdiction when it comes to taxing new business investment. When we add up all the taxes businesses have to pay when they invest in new equipment and technology, we find that this rate is currently higher in Ontario than in all other advanced economies in the world. Why is this? For starters, we have relatively high tax rates on corporate profits, and businesses make investments to earn profits. So when we tax profits, in effect, we tax investments. Secondly, our provincial sales tax, as currently structured, is charged on business investments. Ontario's retail sales tax doesn't just apply to people buying clothing or appliances; it also applies to businesses when they invest. To be sure, there are many exemptions, as the provincial government has recognized the problem with charging sales tax on business investments. But still, about a third of Ontario's retail sales tax is paid by businesses in making investments or purchasing goods for their operation.



By changing our provincial sales tax to a value-added tax, Ontario will eliminate those taxes on business investment and other inputs. When Quebec and the three Atlantic provinces made this conversion they saw their business investment jump 11%.

Won't consumers pay more? There will be no tax change at retail for goods that currently bear the provincial sales tax, but retail prices will actually decline as the producers of those goods see their costs go down, as they stop paying sales taxes on their investments, and as competition forces them to pass on these savings in lower prices. This is the experience in Quebec and the Atlantic provinces. Prices will increase on services that will now be taxed provincially for the first time, but the likely net effect is that the overall average for prices will decline slightly—again, drawing on the experience in Atlantic Canada and Quebec.

It is fair to say that converting the provincial sales tax on goods to a value-added tax on goods and services will affect lower-income Ontarians more. But the government exempted items like books and children's clothing from the new tax. It also reduced personal income taxes and introduced tax credits for lower-income Ontarians, which more than compensates for the higher sales tax.

In addition to sales tax harmonization, the budget also reduces income taxes for businesses, from the current 14%—12% for manufacturers and processors—to 10% by 2013, another stimulus to business investment. Finally, while not a new item in this budget, taxes on capital assets will be finally eliminated by 2010.

Taken together, these measures take Ontario from being one of the world's highest tax regimes for new business investment to being better than average.

The tax changes will also eliminate the huge disparity faced by businesses in the service sector, which have been disadvantaged much more from our tax system than manufacturers. A more level playing field will benefit workers and businesses in the service sector, the largest part of our economy.

What about the charge that the conversion to a harmonized sales tax and the reduction in corporate income taxes are just part of a business agenda? This doesn't stand up to scrutiny because the research indicates that most corporate taxes are borne by workers. This occurs in two ways: First, firms are able to pass on a significant portion of the additional costs of corporate taxation to their employees in the form of lower wages; and secondly, as we've said, workers suffer from high corporate taxes as the lower investment in productivity and wage-enhancing investments in machinery, equipment and software hurts job creation and wages.

Lowering taxes on business investment, as this budget does, isn't business-friendly; it's Ontario-friendly. The government took very bold action when the easier political strategy would have been to wait until conditions were better. They should be congratulated.

I'll be happy to take questions.

**The Chair (Mr. Pat Hoy):** Thank you very much. This round of questioning will go to the NDP and Mr. Prue.

**Mr. Michael Prue:** Yes, you've spoken a lot, but not much about Bill 162. You're the same as the last speaker: You're here to speak about the harmonized sales tax because you like it.

**Mr. James Milway:** Yes—and the reduced corporate taxes.

**Mr. Michael Prue:** You haven't talked at all about what is in the bill, and I think many industries, many business people would be keenly interested—and that has to be the pensions that so many businesses have paid over the years and the government's wiggle room around not backing up these pensions or the corporate ability, in some cases, to try to get out of them. Any thoughts on those?

**Mr. James Milway:** No. I haven't looked at that issue. It's not something that our institute has done a lot on, so I have no comment on that part of the bill.

**Mr. Michael Prue:** Because I think that's the key thing in Bill 162.

**Mr. James Milway:** Okay.

**Mr. Michael Prue:** All right. You also said something—and I guess I'm a bit of sceptic, because you say, "Won't consumers pay more?" and then you go on to say that they likely won't. I have met on two occasions now with small business people and particularly realtors in Toronto who feel that the additional taxes levied on new homes above \$500,000, most of which will be in the Toronto area, will be onerous on them and will cause a huge slide in—any comment on that?

**Mr. James Milway:** I think it's overstated. I think we're talking about a small percentage of house sales. I do think that if we are concerned about lower-income Ontarians being affected by this measure on houses above \$500,000 we can deal with that through some kind of tax rebate or tax credit, as the government is doing in this budget in general. If we are really worried about taxes on real estate and transactions, then let's go after the land transfer tax, which is a much more inefficient tax and just a really horrible tax compared to what the harmonized sales tax would be.

I think there are lots of solutions to the problems that realtors might be pointing out, but I don't think because of one specific area we should junk the whole system, because I think net-net, the harmonized sales tax has got way more advantages than some of the dislocations or disadvantages.

**Mr. Michael Prue:** I spoke last night with a man who sells ice cream in the Beach. He's very innovative; it's a lovely little shop. He's just set a new one up in Leslieville. Almost all the ice cream he sells today is under \$4 for a cone and he's going to have to start charging 8% more, which is an extra 30 cents, and he thinks his place is going to decline. This is really going to hurt his business, one small business. You said you can't isolate them—maybe you can't—but I told him I'd ask the question. Is this going to hurt businesses like that?

**Mr. James Milway:** No. He's not going to be having to charge 8% more. He may charge the 8% tax, but his costs will come down significantly because he'll be

getting rebates like he does currently on GST purchases. So it won't be anywhere near an 8% increase, and for every increase in the price of an ice cream cone, there are going to be reductions elsewhere. The net effect, based on experience in Atlantic Canada and Quebec, is that the prices paid by consumers will actually decline a bit.

0930

**Mr. Michael Prue:** So you're going to tell him that his prices will actually—the charge that he's going to make will actually go down?

**Mr. James Milway:** I'll look at his books with him and—give me his phone number, we'll talk and I'll go through his books. I don't know his situation, but I think it's very easy to pick out that 8% at the very top. I think, as the previous speakers were talking about, you can easily find problems with this by just focusing in on one particular area, but you have to work your way through the whole flow of this tax. The net effect is that when you take out all the inputs, the effect on retail prices is minimal.

**Mr. Michael Prue:** Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### ONTARIO FEDERATION OF LABOUR

**The Chair (Mr. Pat Hoy):** Now I call on the Ontario Federation of Labour to come forward, please.

Good morning. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourself for our recording Hansard.

**Ms. Marie Kelly:** Hi. I have with me today Sheila Block, who's the research director for the Ontario Federation of Labour. I'm Marie Kelly, the assistant director for the United Steelworkers union. I'm also vice-president for the Ontario Federation of Labour.

We're here today on behalf of 700,000 of our affiliates in Ontario, but we're also here more broadly on behalf of working people in Ontario, whose retirement security is being threatened by the international economic and financial crisis that we're facing. The impact on retirement savings has been clear: Asset values have dropped dramatically, many workers are unemployed or facing unemployment, and many plan sponsors are facing financial difficulties. Government have responded with aggressive interest rate reductions, and all of these things have had a significant and very negative impact on Ontarians' retirement savings, in whatever form they take. Whether they might be a defined benefit pension plan, a defined contribution pension plan or private savings, all of them have been detrimentally affected.

The lessons from this financial crisis shouldn't be lost. One is the important role for our governments to regulate and oversee the pension promise that has been given; secondly, the pressing need to improve pension plan coverage for the 62% of Ontarians who don't have a pension plan.

The most effective way to increase pension plan coverage, quite frankly, would be to increase the Canada

pension plan benefits. That would draw on the existing economies of scale, risk-sharing and would create administrative efficiencies for the plan. We believe such an expansion would benefit working Canadians and is more possible than it ever has been in the past.

I want to turn now to the impact on benefit security in the proposed changes to the Pension Benefits Act in Bill 162. Given the long-term nature of the pension promise, a deterioration in a defined benefit pension plan's balance sheet can be serious, but it can be a temporary problem if the individual who's being affected is young enough to be able to build up that pension again. But the impact is devastating on the older worker who doesn't have that time in order to have the fund build up.

I sit here as a representative of the Steelworkers, having spent a considerable amount of my working time over the last few years dealing with the manufacturing sector; many of our members are in it. I am the expert in our office who deals with bankruptcies and CCAAs, so I know first-hand what it's like to sit across from someone who's in the situation of losing a considerable percentage of their pension plan. Often, it's a time in which they're not going to get their severance pay because the employer has gone bankrupt. They don't know if they're going to get their wages that are owed to them, and if they do, it will be for some period down the road while the CCAA system is in place and it goes through bankruptcy.

I can tell you the devastation in the north, where you have towns now where it's a single employer and it goes bankrupt or it closes. Your life investment for many people is your home, and those houses have deteriorated in value to where they're almost worth nothing in some of these cities. You can go to some cities in the north, quite frankly, where I can take my credit card and purchase one of those homes—and my credit card has a \$10,000 limit. The only problem with that is, I'm going to be purchasing a home that's somebody's dream and that has people still in it.

The devastation that happens to people in this economic crisis has to be something that you consider. I understand that the proposed changes are being generated at a time of crisis in which you're trying to be fiscally responsible to make sure that the pension benefits guarantee fund is able to last. But, quite frankly, you have to look at the flip side of it and say, "But what's the impact at a time in which people need it most?" You can't create a fund that is there for people and say, "We're doing this because we want to protect your pension in the worst possible circumstances for you as an Ontarian," and then say, "We're in a crisis, in the worst possible circumstances for you as an Ontarian, and at this point in time, we're going to make sure that we level it out and be fiscally responsible." You have to have consideration as to what we need at this time in order to protect people in the worst possible circumstances.

It's impossible in this room for me, in 10 minutes, to give you a visual impact of what happens, but I can tell you, the most calls I get when one of our plants goes



down is from retirees—people who don't have an ability to go get another job, particularly in this environment; people of an age who are unlikely to get another job at this time. Their pensions are not huge. Because they've been off on pension for a while, they maybe make \$800 a month on this pension. We're not talking about people who are rich. Now they're looking at maybe getting 60% of that. That means a lot to these people who are struggling to get by. You have to envision that impact on thousands of Ontarians when you're making a decision about what you're going to do to this pension plan.

I just want to talk a bit about the history of pensions. Pensions arose within my union in workplaces which were the dirtiest, most difficult workplaces to survive in. I can tell you, for example, about the big 30-and-out pension—the pension they talk about today, where workers get to actually just do 30 years, and no matter what your age is, you get a pension plan—that arose in our mining sector. It arose in our mining sector because there was an understanding between the employer and the workers and the union that the circumstances under which they laboured were likely to result in their lifespan being shorter than the average person's. That's the history of those pensions. Therefore, pensions were granted at 30-and-out, because there's no sense investing in a pension plan that's not going to allow most people to reap the benefits of that pension plan, because they might not make it to 65.

Many of our manufacturing workplaces—I invite you to go take a look at them. They are dirty, grungy, difficult jobs, with a lot of issues for these workers. They're repetitive; they're manual. The whole history of pensions here is about trying to provide a decent standard of living to individuals who have given their lives at a workplace. These people didn't go from workplace to workplace; they built up a pension plan within a workplace doing a good job for this employer. It can't be now that because we're in a crisis, due to no fault of their own, we're going to say, "We're going to make a decision that you're not going to have the insurance plan that, as a government in Ontario, we think is a good thing to have put in place to protect you in your worst possible circumstances."

I'm a bit off script here, but we really believe that the pension benefits guarantee fund has to be there for our workers. It has to be there to protect the most vulnerable right now in this economic crisis. That's the reason it was built up; that's the reason that it needs to be in place now more than ever.

What we'd like to recommend is that you amend the bill so that these amendments to the Pension Benefits Act come into force in five years, and then only with respect to benefits accrued at that time. You have to remember that the realm of pensions is the realm of a trust. You don't retroactively, in that kind of area of law, take away rights that have been accrued to people. So we say, make it come into force in five years, and only with respect to benefits accrued at that time.

Introduce an amendment to increase the pension benefits guarantee fund to \$2,500, as recommended by the Ontario Expert Commission on Pensions.

Along with the above-mentioned changes to Bill 162, Ontario should initiate negotiations with other governments in Canada to increase CPP benefits. If material progress is not made in these negotiations within six months, we in Ontario should move ahead on our own to develop an employment-based plan that's much like CPP.

0940

**The Chair (Mr. Pat Hoy):** This round of questioning will go to the government. Mr. Arthurs.

**Mr. Wayne Arthurs:** Sorry for the bit of confusion. It looks as though we have a quorum call upstairs, so one of our members will have to go up to help support the House to ensure that business there can continue. Hopefully he'll rejoin us when the opportunity arises.

First, Marie and Sheila, thank you both for being here this morning. It's very much appreciated.

**Ms. Sheila Block:** It's our pleasure.

**Mr. Wayne Arthurs:** I'm interested in everything you say. I'm particularly interested in your comments around both CPP as a principal strategy and your latter comments in particular about the need for us to take a greater leadership role nationally and with multiple other jurisdictions. The Premier certainly has spoken to that need in the Legislature. As recently as last week, a private member's resolution calling on the same thing had the support of a majority of the Legislature—just to borrow an expression—members, at the very least, to provide their support to that initiative as well.

Would you both speak to me about your comments on CPP as, I think you said, the best and most appropriate approach and maybe the easiest one to deal with, and then, secondarily, about a broader framework for discussion and the role that you would see both unions and business playing in that discussion?

**Ms. Sheila Block:** It has been a long-time position of the labour movement that we need a larger role for CPP and that we believe that the Canada pension plan should be expanded and the benefit levels should be increasing.

We believe that with the recent review commissions of BC, Alberta and Nova Scotia, there is a potential for some movement nationally. As I'm sure you're well aware, it takes two thirds of the participating provinces with two thirds of the population to make such a change.

While the motion in the House was something to be perhaps supported, we are looking for concrete action from government. In particular, we would like the Premier to put this issue on the agenda for the Council of the Federation meeting in August. We would very much like the government to take very concrete action. In particular, if we don't see material progress in the next six months, we believe that Ontario should start to move forward on its own.

**Mr. Wayne Arthurs:** Could you speak a little more about specific initiatives you would see on the CPP front that would support the position you're taking—support pensions for Canadians generally? Is it simply an enhancement? Is it an expansion of qualifications?

**Ms. Sheila Block:** I think we're looking for an increase in benefit levels. Benefits are targeted at 25% currently of the YMPE, and we're looking for a doubling of those benefits—to move to a larger reliance on a pension that is universal, portable, has all of those elements that actually meet both the changes in the labour market and is a very low-cost way to provide people with retirement security.

**Mr. Wayne Arthurs:** You talk about portability pensions a bit. That was my next question. You raised it at an opportune time. I think one of the big challenges, as people change jobs over the years, is that there's this limitation on being able to build capacity in your pension because of a lack of portability and of the capacity to able to apply experience in one area against that cumulative effect of a pension plan.

**Ms. Sheila Block:** The CPP is the most efficient answer to that, right? It's all of your jobs, and it has a continuity about it. There are a number of aspects of CPP that are very attractive. There are changes to the Pension Benefits Act that could be made that would increase portability, and we have examples of pension plans in the public sector that do provide that portability. So it's something that's definitely possible.

**Mr. Wayne Arthurs:** Thank you particularly for making the earliest comments about your desire to see the Premier initiate this as part of the discussion at the Council of the Federation. You were the first one to put it formally, and I think it's appropriate that it's here in this format and recorded on Hansard accordingly through this committee. Thank you.

**Ms. Marie Kelly:** Thank you.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation.

#### DAILY BREAD FOOD BANK

**The Chair (Mr. Pat Hoy):** We'll just pause here for a moment so our next presenter can come forward. Our 9:45, I think, is here.

I'll let you get situated there. You have 10 minutes for your presentation. There may be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our recording Hansard. You can begin.

**Mr. Michael Oliphant:** My name is Michael Oliphant. I'm the director of research and communications at Daily Bread Food Bank. I'll be presenting this morning. My executive director, Gail Nyberg, was originally scheduled to join me, but she unfortunately had to go at the last minute.

Thank you very much for allowing me to address the committee this morning. My presentation will be pretty short. What I'm going to do is start with a brief overview of Daily Bread Food Bank for people who aren't familiar with who we are. I'm going to outline why we believe the 2009 Ontario budget is a good one for low-income people and is a good early investment and a good starting point for the poverty reduction strategy. I will evaluate

the impact of the harmonization of the PST and GST on low-income Ontarians and finally suggest areas where Daily Bread would have liked to have seen some more investment in this budget.

To begin, Daily Bread Food Bank's vision is that it is fighting to end hunger in our communities. We're a network of food banks and other food relief programs based in Toronto and serving the GTA. Food and financial donations are delivered to Daily Bread, which represents the hub of the network, and resources are distributed equitably amongst the province to nearly 160 member agencies. Daily Bread is also committed to addressing the root causes of hunger, including poverty, and has invested substantial time and effort in the poverty reduction strategy by the consultations.

Food banks have been greatly impacted by the economic downturn, which probably isn't a surprise. Client visits to Daily Bread agencies are up about 15% to 20% in the first quarter of this year compared with last year. We're starting to see quite a large increase. Actually, food bank use started increasing about a year before we heard about the economic downturn in the media, so we're a bit of a canary in the coal mine in terms of what's happening on the ground with people. Food donations are static, so we're very concerned, obviously, about this increase in demand while at the same time food donations are about the same as before.

In terms of our new clients, about a third have lost their job recently. We've seen, for example, couples who have lost both jobs in one week; that's a common story that we've seen in our network. Nearly one in 10 are living off savings or assets; they have no source of income at all and are drawing down RRSPs and other assets that they have in order to maintain their standard of living. About 7% had work hours reduced; they haven't actually been laid off. They're people in the restaurant industry, for example, who have had hours cut back.

There's a general concern in the food bank network, not just in Toronto but across Ontario as well, that a protracted economic downturn will cause service to people to deteriorate. It's something that we're very worried about. Food banks are looking toward government—that's federal and provincial—to support people in terms of income support, retraining, helping people maintain housing and so on to help them through this downturn.

In terms of the budget, the 2009 Ontario budget, we believe, is positive for low-income Ontarians, and we point to a number of reasons why. The main one for us, really, is the acceleration of the Ontario child benefit by two years to reach maturity in July of this year instead of in 2011. This is going to mean about \$42 per month more in the pockets of low-income families with kids at a time when they really need it.

One really positive success story that we've seen recently with a client is someone who is moving from social assistance to work. She got a job at Bell Canada. She has three children; she's a single parent. This means



about \$150 more for her a month, beginning in July. The fact that it's coming through the OCB means that even though she's employed, she is going to be able to access that benefit. The fact that she has gotten off social assistance means that she still has some support from the government. For her, that's a really important and new initiative in this budget.

**0950**

We point to the \$700 million for much-needed social housing rehabilitation. I think it's really important to invest in programs that will create assets at the end, or maintain assets, in this case, while also producing jobs. We think that's a very important investment. The \$360 million to create new, affordable housing units is very important. There's a 2% increase in social assistance in this budget, and continued increases in the minimum wage up to \$10.25 an hour, and we'd strongly encourage the government to continue along that path. About \$1 billion in new spending is in property and sales tax credits for low- to moderate-income families to offset tax harmonization, out of about \$4.3 billion in federal money that came.

Our benchmark around this was that we wanted to see about \$1 billion of that money spent on low-income families to ensure that there were no negative impacts of that harmonization. We're really pleased to see that that happened.

In terms of the net impact of the sales tax harmonization, we think that overall it will actually improve the incomes of low-income Ontarians for the most part. When we were looking at this, we looked at it in terms of how it impacted low-income Ontarians only; those are who our clients are. That was our main focus. It didn't matter how it would impact me, our executive director or anyone else; it was low-income Ontarians we were concerned with.

As I said, we expect that that harmonization will actually mean people will have more money in their pocket. The reason for that is that the government did exempt a number of basic needs that comprise a higher percentage of low-income people's spending. For example, children's clothing and feminine hygiene products were exempted entirely. We think that's a very positive step. We think the new enhanced sales and property tax credit for low-income Ontarians will be additional sources of income that will help offset any additional taxes that are paid.

We would point to the sales tax credit as a really important new investment, particularly the fact that it's paid quarterly now. Previously, it had been paid once a year with somebody's income tax. Paying it quarterly means that it's more available to the families at the times they need it, and we think it's important that the government is investing money in low-income people outside of the welfare system. The property tax credit was a surprise to us, and a really good one, actually.

In terms of areas of concern, we are concerned that meals under \$4 weren't exempted from the harmonization. We would urge the government to consider that. A

lot of low-income families do enjoy going to the local Tim Hortons, to the doughnut store or whatever; that's a way they can socialize with people. Although this isn't a deal-breaker for us, we think that it would be a good step to exempt that as well.

We're also concerned about the cost of housing. This is something that we're going to be watching closely. We've heard from landlords we are in touch with and have worked with that there might be a rise in rental housing costs as part of the harmonization. We're not sure about that, but it's something that we're going to look at very closely. Also, in terms of taxes on heating fuel, for example: Most of our clients don't actually pay for electricity or for gas, but we're starting to move in the direction of having individuals pay rather than apartment buildings pay as part of our energy efficiency plans in the province, so that's something that we're going to look at very closely too. Based on the modelling that we've seen, we feel fairly confident that low-income families will be better off at the end of the day as a result of the tax harmonization and the measures in place to offset it.

The next slide is just a quick look at, from our calculations, what the impact of the various tax measures and income benefits in this budget will be for low-income families, and we think it will be pretty high. For a single parent with one child earning about \$25,000 per year, we estimate they will be about \$1,800 better off in 2010 than they are right now. That's through \$665 in sales tax transition benefit, \$440 in sales tax credit, \$195 in property tax credit, and then for us, most importantly, is the \$500 in the Ontario child benefit acceleration. That's a substantial increase in income for people at a time when they really need it, when people are losing jobs.

**The Chair (Mr. Pat Hoy):** You have about a minute left.

**Mr. Michael Oliphant:** Okay. I'll just finish off with the last slide.

There are a couple of things that we really wish were in this budget that we'll continue to press on, the most important of which is asset levels and social assistance. We feel really strongly that some movement has to happen there. Currently, to qualify for social assistance, you can only have about one month's worth of social assistance payments in liquid assets. We're seeing a lot of people living off of RRSPs, for example, right now. So they're actually drawing down their retirement savings in order to get government support. We're very concerned that requiring people to be destitute in order to qualify for benefits will mean that people will be on assistance for much longer periods of time after this recession is over than they would otherwise have been. So that's something that we'll continue to push on.

There's no mention in the budget of a housing benefit, which is something that Daily Bread has been pushing, along with private sector landlords, public sector landlords and a wider coalition. So that's something that we'll continue to push on in the future.

**The Chair (Mr. Pat Hoy):** Thank you for the presentation. This round of questioning will go to the official opposition. Mr. Arnott?

**Mr. Ted Arnott:** Thank you, Mr. Oliphant, for your presentation, and thank you for the good work that you do in this community. Please pass along our appreciation to all the volunteers who help you out and those that sponsor you and for all the support that you receive. It's most sincerely appreciated.

**Mr. Michael Oliphant:** Thanks.

**Mr. Ted Arnott:** Before I go into my questions, did you have any other additional points you wanted to make before Mr. Chairman told you that you were out of time?

**Mr. Michael Oliphant:** No, I'm fine.

**Mr. Ted Arnott:** Okay. All right. You indicated that in the first quarter of this year, client numbers for your organization are up 15% to 20%. I'm just wondering about absolute numbers relative to the 1991-92 recession. Have you drawn any comparisons? Are we in worse shape now than we were in the early 1990s?

**Mr. Michael Oliphant:** They're pretty close. I think that we are in worse shape. What has changed since then is that we have seen, over the past 10 years, a lot more working-poor people coming to food banks. Structurally we seem to continually be ratcheting up in terms of our demand. Now with the downturn, we're starting to see what we're calling "the new poor"—faces we never would have expected to see. For the first time, we're seeing people with mortgages coming in to access the food bank. A lot of them are getting unemployment insurance, but at 55% of their former wages, they can't afford their housing and food at the same time. So I think it is worse, and we're certainly concerned.

**Mr. Ted Arnott:** You said that your donations are static, though, and demand is up 20%. Are your shelves bare? At what point does it become really critical?

**Mr. Michael Oliphant:** We are lucky enough to have come through a Christmas period where we did really well. We exceeded our cash donations by about \$1 million. The understanding of the issue is higher in the public right now and the awareness is a lot higher, and the willingness to give has been really strong up until now. What we are really worried about is that if the recession continues, if people who were donating at Christmas have lost their job in January, February or March, that's where the impact is really going to be felt. So at the moment, we're doing okay, but we're going to keep pushing at corporations and the public to continue support. Probably by spring/summer, I think, is when we're going to have to start pulling back on the amount of food people receive.

**Mr. Ted Arnott:** Even though the harmonized sales tax is not a feature or part of Bill 162, it is the subject of discussion here this morning. You indicated your concern about the fact that home heating fuel was not exempted and that there's a concern amongst low-income people. I would certainly agree. I think that in this country, home heating fuel is an essential good, certainly in the winter months. For the life of me, I can't understand how the government sees it as a positive thing to not exempt home heating fuel from this new harmonized sales tax.

**Mr. Michael Oliphant:** The other offsets that they've put in place should cover that. The modelling that we've

seen around this has—I think we feel confident that people will actually be better off as a result.

**1000**

**Mr. Ted Arnott:** The thing that concerns me most is, when I receive inquiries from constituents about how this proposal is going to impact them, and I send e-mails to the Ministry of Finance, they're always prefaced with, "It is presumed that it will apply this way." We have no legislation. We just have a few statements from the minister and some vague reassurances.

**Mr. Michael Oliphant:** Well, as I said, the majority of the low-income families that we see aren't paying for home heating fuel at this point. So I think it'll be something that—

**Mr. Ted Arnott:** Not directly, but certainly they are paying for it indirectly.

**Mr. Michael Oliphant:** Indirectly, yes. It's something that we're going to watch really closely. If we think that we need to see a further offset, in terms of sales tax credits, then that's something we'll push. But at this point, we feel confident that people will actually have more money in their pockets at the end of the day.

**Mr. Ted Arnott:** Thank you very much for your presentation here today.

**The Chair (Mr. Pat Hoy):** Thank you for appearing before the committee.

## CANADIAN AUTO WORKERS

**The Chair (Mr. Pat Hoy):** Now I call on the Canadian Auto Workers union to come forward, please.

Good morning. You have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard.

**Mr. Ken Lewenza:** My name is Ken Lewenza. I am president of the Canadian Auto Workers union. To my left is Sym Gill, pension and benefits director of the CAW, whom I would consider an expert in the area of pensions and benefits.

I'm pleased to be here representing the 225,000 members of the Canadian Auto Workers union. About 160,000 of those members work and live in Ontario. Many of these workers are members of defined benefit pension plans. As well, there are well over 100,000 retirees and beneficiaries from Ontario workplaces who are receiving pension benefits as a result of our collective bargaining efforts.

When the budget was first delivered, my initial comments were that it contains a mixture of positive and disappointing elements.

The positive elements include the announcement of major new financial support for infrastructure and training and the acceleration of anti-poverty measures, such as the expansion of the Ontario child benefit. The provincial deficits that will be incurred during the current recession are an inevitable and necessary consequence of the global financial crisis, and as a result, the increase in overall program spending is a positive development.



There were, however, several disappointments, including the failure to address the issue of lost severance and back wages faced by the growing number of laid-off workers in Ontario. Despite those thousands of job losses in Ontario, and a growing list of workers losing out on basic severance payments and outstanding monies owed, the government has failed to provide severance protection for workers and struggling families.

I can only repeat what I said on budget day: There has never been a more critical time for government to step up, show leadership and protect the most victimized working people in this province; namely, those who have lost their jobs and their back wages at the same time.

The CAW was a major organizer of the Save Our Severance campaign, which saw thousands of laid-off workers across the province voice their concerns over the lack of government protection for severance pay. In 2008 alone, there were 2,800 reported business insolvencies in Ontario. At the time, we argued for, and continue to demand, the introduction of an Ontario wage earner protection program that requires employers to pay all outstanding monies owed to workers in cases of bankruptcy.

I do want to commend the government for its budget proposals to provide measures that will facilitate temporary funding relief for defined benefit plans.

The global financial crisis and its accompanying credit squeeze have certainly negatively impacted many plans, and the proposed budget measures will help in dealing with those challenges.

I now want to make some comments about another section of Bill 162, namely schedule 24, which deals with the pension benefits guarantee fund, under the Pension Benefits Act. In part, this section aims to make clear that neither the act nor the regulations require the government to make either a loan or grant to the PBGF. I see this as an attempt to allow the government to avoid its basic responsibilities.

The Ontario Expert Commission on Pensions, the Arthurs report, noted that there are strong moral reasons for governments to adopt measures to mitigate the effects of pension plan failures. In fact, the Arthurs report recommended that the PBGF continue in place until a full review and study of any alternatives is carried out. Indeed, it goes so far as to recommend that the maximum coverage be increased from \$1,000 to \$2,500.

Until now, the practice has been that the province has always stood behind the fund. The new provisions in Bill 162 explicitly say that the government has no obligation under any circumstances to make any loans or grants to the fund.

At the precise time that workers and retirees most need support, the possibility arises that it may be taken away from them. Thousands of workers and retirees have received significant support from the PBGF in the past. The potential victims of future plan failures should not be abandoned; instead, they should be reassured that society at large will be able to protect them.

Commenting on the possibility of failure of major pension plans, the Arthurs' report notes that "those con-

sequences are extremely serious, not only for individuals but for communities, and not only for pension funds but for government welfare programs that will ultimately be called upon to provide the income lost by retirees in the event of such a failure."

It is incumbent on all of us to ensure that protection for retirement incomes for both current and future retirees remains as a fundamental principle in our society and in our public policy.

If I can raise again the severance payment—I've met with the Minister of Labour on this particular issue and he's indicated that he considers it a federal matter. But the reality is, we've had provincial legislation under the Davis days of protecting workers' severance, and when the New Democratic Party was elected in the 1990s, they also protected workers with legislation. Again, it is a provincial matter that could be resolved provincially, but there's reference to the federal government playing a role. Relative to the pension plans, obviously we would like the government to work in partnership with the federal government to adopt a national guaranteed pension fund because workers quite frankly require the support.

I don't have to tell any of you folks that all retirees are suffering today. The reality in the province of Ontario is those who do not have pension plans and don't have the privileges of a union have lost significant savings as a result of this global financial crisis. This is really a time for government to step up and provide support to those who have provided an incredible contribution to our community.

I don't think I have to tell legislators—I don't think there's any place you folks go that you don't see retirees on the front line still doing work today. Whether it's voluntary work in hospitals, whether it's voluntary work in libraries or public communities or not-for-profits, they're out there. The fact of the matter is, to protect their income is the right thing. It's a moral obligation of government.

In my closing remarks, I do want to recognize the legislators. There is a recognition in the outside world that this is a difficult time for legislators. It's a difficult time for the province of Ontario. It's a difficult time for the country, but this is the time to show leadership. I want to recognize all the legislators for their support of the auto industry—the recognition of the importance of the auto industry to the province of Ontario. The Premier, for example, has emphasized that there are 400,000 to 600,000 jobs related to the auto industry, and what the government is doing today is comparable to what other governments are doing in every other country in the world: supporting their key industries.

I know there's been some criticism in that particular area, but the fact of the matter is, when one analyzes what's taken place in the auto industry, every developed country that has an auto industry or has key industries is getting key support from government during this global financial crisis. That kind of contribution is appreciated.

I could talk forever on a whole lot of ideas on how we protect the manufacturing sector in the province of

Ontario and the jobs that come with them. I'll save that for another day, but I do want to recognize all the legislators for their work.

**The Chair (Mr. Pat Hoy):** Did you want to make a comment? Go ahead.

**Mr. Sym Gill:** Yes, just a couple of supplementary comments regarding the pension benefit guarantee fund. Our concern is based on the legislation that's been put forward, which is really in isolation to many of the other recommendations, for example, that were in the Arthurs report. We could talk a lot about that, but it's a concern that the only follow-up to the Arthurs report is the current legislation, which, coupled with comments that have been made publicly, appears to us to be preparing the way for governments, through the guarantee fund, not being in a position to support those who need it.

I'll just give you the examples. In the past, the guarantee fund has obviously helped a lot of different individuals, retirees as well as workers, who see their plants disappear through bankruptcy and insolvency. Just to describe it in a little bit of detail, we have a couple of examples, Atlas Steel in Welland and General Chemical in Amherstburg. These are not auto companies; these are general manufacturing and so on. The way that retirees find out how they're impacted is that on a Saturday morning, a retiree goes into a drug store in Welland, tries to fill a drug scrip and is told that they're no longer covered because the company went into CCAA protection on the Friday. That's the kind of impact. On top of that, when you couple the loss of their medical benefits in retirement with the potential loss of their pensions, this is a devastating blow to retirees.

1010

The reason I point this out is to say that there's been a lot of concern publicly about large funds perhaps needing access to the guarantee fund because of the danger of large plants going under. I'd just point out that the retirees at Nortel, for example, who are covered with certain retiree benefits—and Nortel, of course, is in CCAA protection—are not going to be any better equipped to deal with Nortel's eventual bankruptcy, if that's what happens, than the person at Atlas Steel or the person at General Chemical, even though those are much smaller plants; the retirees and the workers at Nortel are going to be hit in the same way. The fact that they belong to a large plan shouldn't be a barrier to protection that the Legislature saw fit to provide.

I think that explains in some more detail some of our concerns about the nature of the current legislation. As we mentioned in our brief, the recommendation of the Arthurs report was to continue the PBGF for at least the next five years, while it's being studied, and to increase the coverage levels as well, because, of course, the \$1,000 coverage level has been in place since the fund began some 29 years ago.

**The Chair (Mr. Pat Hoy):** Thank you. We'll move to questioning from the NDP. Mr. Prue?

**Mr. Michael Prue:** I've been alarmed at some of the larger companies in Ontario going to court to try to get

out of their obligations to the pension. I don't think any have been successful so far, but do you see this as a growing trend? Big, large companies—I know that the paper companies and some of the auto makers are starting to say that the pensions are too onerous and they need to get out of them.

**Mr. Sym Gill:** Yes, that does happen. I think the most recent example is not in Ontario, but it's in Quebec, where AbitibiBowater attempted to make some unilateral changes to its pension plan while they were in CCAA—and that has been thrown out, as I understand it.

I think that in terms of companies trying to get out of their obligations, we face that every day. We face the demands of the collective bargaining to get out of defined benefit plans, to curtail benefits, to freeze them for new entrants and so on. In our view, that is simply a shifting of risk from employers, who we believe are better based to deal with that kind of risk, to individual workers and retirees, who are less able to deal with those sorts of risks.

**Mr. Michael Prue:** My colleague Mr. Miller has brought forward a couple of bills on precisely these things—Bill 6 and Bill 17—dealing with severance and the fund. Have you had an opportunity to look at these or to comment on whether or not you think that the passage of those bills might help in these circumstances?

**Mr. Sym Gill:** No, to be frank, I haven't been able to look at those. I don't know if Ken has.

**Mr. Ken Lewenza:** But to be fair, Paul has consulted our union. I appreciate that. The content of the bills, quite frankly, is plausible, and we thank you for that.

**Mr. Michael Prue:** Paul, do you have any questions?

**Mr. Paul Miller:** Yes, I'd just like to piggyback on what my colleague said. To take an example, Stelco in Hamilton: US Steel has basically shut the door and the plant is on hot idle. It's my understanding that the commitment that US Steel had made to Stelco, as far as pensions go, is that they would sink in \$67 million for seven years after taking ownership of the company. They'd also put in another \$28 million to \$30 million for benefits, so you're talking about \$100 million a year.

What do you think their next step will be as far as pension obligations go? They said they've honoured it to this point, but I have a fear, since they're taking raw materials off the ground and they're going back to the States with the raw materials and taking equipment out of the plant—how long is US Steel going to put out \$100 million to maintain the Stelco 1005 pension plans? Do you feel that this could happen in other jurisdictions? Especially to the auto workers as well, because we well know that there is a deficit of hundreds of millions of dollars in their funding. After the PBG fund has run out after five years, if the government sees fit to fully fund it, then what happens after the five years?

**Mr. Sym Gill:** Unfortunately, in the absence of positive action by the Legislature and by maintaining the PBGF at adequate levels, then I think the scenario you're describing in Hamilton will play out with severe loss of income for thousands of workers and retirees. It's very worrisome.



**Mr. Paul Miller:** And it's getting worse by the day, and it will continue to get worse. I'm glad you gentlemen are here to further bring this to the attention of the government. Thank you very much for your—

**Mr. Ken Lewenza:** I think it's worth noting. Obviously, we think that there should be legislative requirements for these companies that run away from their obligations. This is absolutely ridiculous. You're right. If you take a look at the economic perspective in the real world today, what ultimately could happen—and again, they're represented by the steelworkers; I don't want to put any negative connotation on whether that plant reopens or not. The facts of the matter are, a lot of companies are running from their responsibilities, and I think the Legislature has the power to stop them from doing this.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation before the committee.

We are in recess until 2 p.m. this afternoon.

*The committee recessed from 1017 to 1401.*

#### ASSOCIATED CANADIAN CAR RENTAL OPERATORS

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order.

Our first presentation this afternoon will be by the Associated Canadian Car Rental Operators. Please come forward. You have 10 minutes for your presentation, and there may be up to five minutes of questioning following that. I would just ask you to identify yourself for the purposes of our recording Hansard. You can begin.

**Mr. Bill McNeice:** My name is Bill McNeice. I'm the president of ACCRO, which is the entity that represents the Canadian vehicle daily rental industry.

I'd like to thank you for allowing us to speak to you today regarding the proposed provincial budget, and specifically on our understanding of how the value-added tax will be treated for the purchase of vehicles in our industry.

Our members include the largest car rental companies in Canada as well as many small family-owned operations. In Ontario, we have 138 members that purchase 45,000 vehicles per year for use in Ontario. I believe that makes our industry the largest single purchaser of vehicles in Ontario in the private sector.

What I hope to accomplish today is to have someone here on the committee tell me that our current understanding of the treatment of the proposed single tax is incorrect. I hope someone will tell us that what we've read up till now, and what the finance department staff have told us to date, is all dead wrong.

Currently in Ontario, our industry is exempt from paying the 8% PST on the 45,000 vehicles we purchase annually. We collect and remit PST on the income a vehicle generates every time it's rented, through the life of the vehicle while it's in the rental fleet. Currently in Ontario, we pay 5% GST on the 45,000 vehicles we buy and operate in Ontario, and are credited back this amount

through an input tax credit from the federal government. In Atlantic Canada and Quebec, we pay the HST and the QST/GST, respectively, and we're credited back 100% through an input tax credit. This does not appear to be the case in the proposed budget, the way that we view it and the way we've been told it will work.

I'll refer you to page 111 of the province's report entitled Reforming Ontario's Tax and Pension Systems. I apologize; I don't have a handout, but I have sent a fax to the committee, so you'll see most of this in writing after this.

On page 111, they talk about temporarily restricted input tax credits. I'll read to you what has really brought us here today, and why we're so concerned: "Similar to the restricted input tax credit (ITC) system in Quebec, large businesses (those with annual taxable sales in excess of \$10 million) and financial institutions would be unable to claim input tax credits in certain areas." This is out of the report. It goes on to say that "temporary" is for the first five years, and then after that, a three-year phase-in period would take place.

On the same page, there's a box entitled "Temporary ITC Restrictions for Large Businesses," describing items that would be restricted from ITC, including the one that concerns us: "Road vehicles weighing less than 3,000 kilograms (and parts and certain services) and fuel to power those vehicles." This restriction would basically include 98% of the organizations within our industry, save for the small family operations that don't generate \$10 million of taxable revenue in Ontario. The restriction on vehicles under 3,000 kilograms would be on 90% of the vehicles our industry purchases.

To add some brevity on the impact this would have on our industry, the numbers would look like this—and again, the committee will get copies of our math. Today the average capitalized cost of a single vehicle is \$20,000, and 8% PST on that vehicle is \$1,600. If you multiply \$1,600 by the 45,000 vehicles we buy in Ontario, that's \$72 million. That's a big number. Over five years, that's \$360 million. If you took it to the extreme, potentially over eight years it's really close to \$600 million. So this amount that we would be required to pay does not include the new cost associated with the 8% PST on the parts and services required to keep these vehicles in pristine condition over that same period of time.

Finance department staff have made the point to us that the proposed corporate tax reductions in the proposed budget could go a long way in offsetting this new cost to our industry. Absolutely nothing could be further from the truth.

In case you're not aware, our industry is connected at the hip with the North American automobile industry, so we've suffered the same pain over the last several years as the rest of the automotive industry. Added to that pressure are the pressures we face with vehicle residual value declines, which is one of the biggest problems in the industry today—an oversupply of vehicles.

We're also in a market where securitized back financing just isn't available to our industry to purchase

the vehicles that only three years ago in Ontario would have been \$60,000. So that credit is not available to us.

Add to that a double-digit decline in both leisure and corporate travel not only in Ontario but in Canada, and of course you have the makings of the infamous perfect storm, which we face.

If our understanding of the proposed budget is correct, there will certainly be no benefit in corporate tax reductions, as there will continue to be no profit in our industry to tax.

It's not just our industry that's affected by this proposal, if our understanding is correct. Anyone who buys a vehicle for resale today, who's exempt from the PST, would face the same challenge.

I'd like to thank you for the opportunity to speak to you. I hope that someone will now explain how we have been misguided in our interpretation of the single tax treatment on our industry and tell us that the industry will be treated the same way as we are in both Atlantic Canada with the HST and in Quebec. By the way, even though we claim the two taxes—the input tax credits—through two separate government bodies.

**The Chair (Mr. Pat Hoy):** Thank you. If you provide any additional information to the clerk, she'll make sure all the committee members get that.

**Mr. Bill McNeice:** Terrific.

**The Chair (Mr. Pat Hoy):** This round of questioning goes to the government. Mr. Arthurs.

**Mr. Wayne Arthurs:** Mr. McNeice, thank you for being here this afternoon. You've got us at a bit of a disadvantage, not having a heads-up, quite frankly, and/or any documentation directly from you to be able to refer to. Obviously you've been discussing with the finance staff this particular part of the budget proposal as part of the harmonized sales tax that's fairly specific to your industry.

**Mr. Bill McNeice:** Not specific to our industry, but specific under the clauses in the document that was published by the government. It really would affect those road vehicles that weigh less than 3,000 kilograms, so basically passenger vehicles that an entity purchases, and because they collect tax from consumers today during the use of that vehicle—and by no means am I a tax expert, but I know how we pay taxes in our industry. So it would affect leasing companies. It would potentially affect construction equipment companies that operate vehicles on the road. So it absolutely is not our industry.

1410

I understand why you would be at a disadvantage, but we've tried painstakingly for the last 10 days to get someone to tell us this isn't the way it's going to work: "It's a misunderstanding. That's not it. You're wrong. Your tax consultants that have advised you are wrong," that the finance department that has advised us is wrong. It's too absurd to believe, so we want you to tell us we're wrong. So do a lot of other people.

**Mr. Wayne Arthurs:** Let me suggest this to you, if I could, at this point. Being here today is an important part of this process that you're into to ensure that those concerns are on the record. This is a good opportunity

with the committee, in the public forum, in that sense, and on Hansard. That will certainly be helpful to us, I believe, and it will be helpful to the ministry officials. I can only assume that that dialogue is not at its conclusion at this point in time. You say that there has been some dialogue over the past 10 days.

We know that with the implementation of the HST a year or so out from now—it takes a long time to get the transition rules resolved. I know that ministry staff are having discussions—I'd suggest, daily; I can't tell you how often, but for all practical purposes, daily—with their federal counterparts in Ottawa to work out the details of transitions for various industries, various elements of the budgetary implementation, whether it's the exclusions that will be provided or issues such as housing, with the building industry as an example.

I would suspect that the types of discussion that you may be having with them are about things which they are having dialogue back and forth with their federal counterparts to find a resolution to.

I'm certainly not in a position today, on behalf of our caucus, to give you any kind of a definitive answer, but would simply say that it's important to have you here today and that I'm anticipating that this dialogue is ongoing to seek some real clarity. Obviously, the answers that you've had to this point haven't been satisfactory to you or your association.

**Mr. Bill McNeice:** I think it's safe to say that our industry, and the whole automobile industry, was caught off guard on this. I'm from the first of many industries which will be taking this further, until we hear that it's just not true.

**Mr. Wayne Arthurs:** Not only are we here today from each party, but I know that from the government side and the minister's office our policy adviser is here making note of the conversations that are going on, as well as having Hansard. We will ensure that this gets carried back to the policy folks in the minister's office, as well as refreshing with the ministry office as well.

**Mr. Bill McNeice:** Thank you.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

## LAW SOCIETY OF UPPER CANADA

**The Chair (Mr. Pat Hoy):** Now I call on the Law Society of Upper Canada to come forward, please.

Good afternoon. You have 10 minutes for your presentation. There could be up to five minutes of questioning. I'd just ask you to identify yourselves for Hansard.

**Mr. Derry Millar:** Thank you very much. My name is Derry Millar and I am the treasurer of the Law Society of Upper Canada. The treasurer of the Law Society of Upper Canada is actually the president of the law society.

With me today, on my left, is Sheena Weir, the manager of government relations at the law society, and on my right, Julia Bass, a policy adviser in our policy and legal affairs department.



I would like to thank you, firstly, for the opportunity to be here today. The law society appreciates the opportunity to comment on the proposal to harmonize taxes in Ontario.

For 212 years, the Law Society of Upper Canada has regulated Ontario's lawyers in the public interest. Since 2007, it has also regulated licensed paralegals in Ontario. Currently, the law society regulates 40,000 lawyers and 2,300 paralegals.

I'm here today to express the concerns of the Law Society of Upper Canada about the potential impact on access to justice in Ontario as a result of an imposition of an additional 8% tax on legal services. Prior to the provincial budget, the law society had expressed to the Minister of Finance our concerns that tax harmonization was being considered and asked for the opportunity to meet and present the law society's views. In fact, the decision appears to have been taken already, in some haste. We feel that the full implications of this step have not been given sufficient consideration.

While we appreciate that the tax harmonization and the simplification of taxation rules generally are worthwhile objectives, the full impact of such a significant change merits detailed examination. This is a very major change in the tax regime in Ontario. While businesses will receive welcome tax relief from this change, consumers of legal services will pay the price. This will be particularly significant for lower- and middle-income clients. The new tax will raise hundreds of millions of dollars of revenue for the government from individual consumers of legal services.

There is a particular concern that the financial stress caused by the current recession will result in an increased demand for legal services due to increases in domestic violence, family and marriage breakdown, contractual disputes, bankruptcy, and loss of employment claims. This will put increasing pressure on the justice system, including the need for private practitioners.

Any increase in the cost of legal services will lead to more self-representation, which strains court resources and too often results in unsatisfactory outcomes for vulnerable Ontarians. Lack of legal representation creates additional costs in other areas of government, as family disputes are not resolved fairly, effectively and efficiently. This increases demand for social assistance and other forms of government support.

In addition, Ontarians of modest income will be discouraged from seeking proper advice when buying or selling their home or making other important financial decisions. All of the above risk causing further costs to other parts of the legal system.

It is the position of the Law Society of Upper Canada that this radical change to the Ontario tax system should not be made without full consideration of its implications for access to justice by the people of Ontario.

Thank you very much for your attention.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning will go to the official opposition. Mr. Sterling.

**Mr. Norman W. Sterling:** I guess I should declare a little bit of a conflict of interest, in that if I ever returned to practice, I might be shackled with this particular problem.

I often hear from my constituents—in fact, last week I was dealing with a woman who was fairly new to Canada and had much difficulty in speaking English. She was actually originally from Russia. She was talking to me about some of her family law problems. They're going to sell her house and there's not going to be much equity that they're going to get out of the house. The problem was fairly complicated in dealing with past court orders and those kinds of things, so I couldn't help her as an MPP. Even though I have a legal background and I could see where the problems were, it would be very dangerous for me to try to represent her as an MPP because there's a whole host of issues that come into the whole thing.

The problem that she has is that she can't afford a lawyer. This is a domestic problem. As I understand, it's very difficult to get legal aid for this kind of a case, so for somebody like her, this would have real impact in terms of increasing her costs to a lawyer. I'm trying to phone around now for her in my community to get someone to act on her behalf pro bono or as a volunteer or go through some kind of legal aid clinic to get her some advice.

A lot of people in our province cannot afford the legal system now. Do you believe that this will just make the legal system that much further out of reach than it is now for the average Ontarian?

1420

**Mr. Derry Millar:** That's one of our concerns, that for the ordinary lower-income and middle-income person in the province, an additional 8% will create severe problems. We know that there are difficulties already with low-income people. Legal Aid Ontario does its best, but there are very low thresholds with respect to legal aid. It's tied to the government social assistance level. We think it'll have more difficulty.

We appreciate that it's a very complicated issue, but we really think you need to take some more time and study it: What will the effect be on low-income and middle-income people?

**Mr. Norman W. Sterling:** Do you have any suggestions as to how they might handle it with regard to the varying kinds of legal services that lawyers provide in this province?

**Mr. Derry Millar:** I know that my colleagues the representatives of the Ontario Bar Association and others are going to speak to you about zero rating of legal services. Zero rating of legal services, although it's an attractive way to deal with the problem, creates a whole other set of policy issues that the government would have to grapple with, but it would be better than the 8%. All of these things are not without difficulty.

**Mr. Norman W. Sterling:** On legal services today, people do pay GST?

**Mr. Derry Millar:** Yes. See, what everyone, I think, needs to understand is that it doesn't really matter for a large corporation. The people who are served by the

powers downtown—most of those people are large corporations or rich individuals, but large corporations that can pass it on. They get an input tax credit for the GST, and presumably they'll get an input tax credit for the harmonized tax. But middle-income and low-income people don't get that, so for them it's just another 8%.

Most of the people of Ontario, low- and middle-income, are represented by sole practitioners and small-firm lawyers. Of the approximately 21,000 private lawyers in private practice, over one half are sole practitioners and small-firm lawyers. It will have an effect on their clients.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

### ONTARIO MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

**The Chair (Mr. Pat Hoy):** Now I call on OMERS to come forward, please.

Good afternoon, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard.

**Mr. Michael Nobrega:** It's a privilege to be here today. I'm Michael Nobrega, chief executive officer of the OMERS Administration Corp., which is responsible for OMERS investment activities, plan administration and member services for the OMERS pension plan. I'm also here on behalf of OMERS Sponsors Corp., which is responsible for plan design, retirement benefits and contribution rates for the OMERS pension plan. With me today is Blair Cowper-Smith, executive vice president of corporate affairs and chief legal officer of the OMERS Administration Corp.

OMERS is perhaps Canada's leading example of a successful multi-employer defined benefit plan. On one side of the table, the plan serves over 920 employers in municipalities, school boards, children's aid societies, police and fire departments and other local agencies across Ontario. On the other side of the table are 284,000 active plan members and more than 100,000 retirees. There are more than 35 umbrella groups representing OMERS unions and employee associations and over 500 union locals.

OMERS's governance and business model was built from the bottom up, step by step, over a long period of time. OMERS has been jointly funded by employers and plan members since 1963. OMERS has been jointly governed by employers and plan members since 1968. Effective July 1, 2006, OMERS became a jointly sponsored plan by employers and employees. The province of Ontario was the official sponsor until 2006, with responsibilities for plan design and contribution rates.

Under the OMERS model, employers and members have an equal voice at the boardroom table. They share direct responsibility for all major decisions and the plan's success, and they also share the cost, benefits and risk.

OMERS's principal job is to invest the contributions from employees and employers. The investment returns that the OMERS Administration Corp. generates are used to secure plan members' retirement benefits.

OMERS's highly skilled investment professionals manage over \$44 billion in net investment assets that generate the returns necessary to pay pensions. Approximately 70% of pension costs are paid by the investment returns generated by the plan's investments.

Our skilled management teams are mandated to actively manage our investments in a prudent manner. "Active management" means understanding the investment risks, to make sure our plan members are properly compensated for the investment risks underwritten.

We only invest in what we understand. As a result, OMERS did not invest in asset-backed commercial paper and other toxic financial instruments such as collateralized debt obligations, subprime mortgages or shares in Fannie Mae and Freddie Mac, which have crippled many large investment entities.

OMERS is a significant investor in physical assets which underpin the wealth of our communities in Canada. Among its peers, OMERS has done the heavy lifting in the area of infrastructure investing in physical assets, particularly in the province of Ontario. We were the first capital pool to invest in the renaissance of the Candu technology through our significant investments in Bruce Power. We have invested in the bricks and mortar of Ontario's health care infrastructure in accordance with government policy. And we are currently invested in the Windsor-Detroit border crossing, where one of the largest infrastructure projects must take place in order to protect hundreds of thousands of jobs in Ontario.

You may ask, how can smaller pension plans and capital pools have access to these infrastructure assets and other investments which are accessible only to large capital pools with the necessary capital and management skills?

The Arthurs report—that is, the report issued by the Ontario Expert Commission on Pensions—has spoken out with respect to broader management powers for public pension plans, to enable smaller plans to have the advantages of the larger public plans in relation to plan administration capabilities and investments such as those undertaken by OMERS in Ontario projects.

OMERS is ready to take on these new investment responsibilities, together with the pension plans interested in our approach to investing.

In response to the Arthurs report, the Ontario government introduced their 2009 budget, Bill 162, on March 26, 2009. As part of Bill 162, the government has included proposed amendments to the Teachers' Pension Act that, if passed, grant new powers to the Ontario Teachers' Pension Plan to engage in third party management activities.

We are asking that consideration be given to similar amendments to the OMERS Act, 2006, that would grant the same expanded powers to OMERS, consistent with the new powers being proposed for Teachers.



OMERS currently has limited powers relating to third party management, which have been part of its legislation for many years. The proposed explicit authorities granted to Teachers as part of Bill 162 are broader and should be given to OMERS to ensure consistency with the powers provided to Teachers.

1430

The key authorities to be granted to Teachers, consistent with the direction of the Arthurs report, include:

(a) the power to use subsidiaries to undertake management;

(b) the power to manage non-pension-plan money to enable university endowments, not-for-profit and other entities to access the investment expertise of the larger pension plans; and

(c) the authority to transfer assets to investment entities such as trusts, partnerships and other structures to facilitate appropriate management of assets.

It is important for third parties wanting to engage a larger public sector pension plan to administer and manage their plans to have clarity as to the legal structures that will govern their funds.

It is important for OMERS to be on a level playing field with Teachers, which will facilitate discussions with third parties, and we therefore request that OMERS be granted the powers being proposed for Teachers. A level playing field would enable third parties to assess accountability, transparency, governance and financial performance independent of legislative authority.

Thank you for providing us with the opportunity to make this presentation to the committee. Blair and I would be pleased to respond to any questions from members of the committee.

**The Chair (Mr. Pat Hoy):** This round of questioning will go to the NDP and Mr. Prue.

**Mr. Michael Prue:** You asked for similar authorities that were granted to the teachers. Why do you think the teachers were granted those authorities and not you? This puzzles me.

**Mr. Michael Nobrega:** Sorry; I was trying to switch the microphone on.

**Mr. Michael Prue:** You asked for similar authorities to those that were granted to the teachers' pension plan. They were not granted to you, and I'm puzzled too. I don't understand why they would be granted to the teachers and not to you. Did the government give you any explanation on this?

**Mr. Michael Nobrega:** Let me say that because of the broad investments that we have in Ontario, we follow a lot of government legislation, whether it's from the OPA, OEB, even the Canadian Nuclear Safety Commission. So we follow these transactions, and when the budget came out, we didn't ask the government to give us an explanation; we just responded to government that we'd like to have the legislation. I think we're pretty proactive in following legislation, so I couldn't answer your question and say, should they have called us? They didn't. I don't think we gave them time to call us, because we try to be at the forefront on these issues.

**Mr. Michael Prue:** I understand, but they did give the authority you're seeking to the teachers.

**Mr. Michael Nobrega:** Yes.

**Mr. Michael Prue:** And I don't understand and you don't understand why they got it and you didn't.

**Mr. Michael Nobrega:** Well, we've had the powers for a long period of time. We've had the powers for many years, and I think that the teachers have probably had a chance to sit down with the government and look at it with—our powers go back many, many, many years, so they obviously provided those powers with a better understanding of what the powers should be, and we're just simply asking that our powers be updated to the teachers' powers.

**Mr. Michael Prue:** I'm also intrigued on page 4, because I understood that almost all of the pension plans had been equally badly hit, but you wrote something that just perked me right up, and I quote you: "We only invest in what we understand. As a result, OMERS did not invest in asset-backed commercial paper," which the province did, "and other toxic financial instruments such as collateralized debt obligations," which the province did, "sub-prime mortgages or shares in Fannie Mae and Freddie Mac." What made you decide not to go down this route? In retrospect, it's brilliant. What made you decide not to go down there when everybody else did?

**Mr. Michael Nobrega:** We have a very active team, as I say; we actively manage our investments. We do have in capital markets, which handle our stocks, bonds and that sort of thing. We have a very proactive credit team, and any investment that needs to be made goes through a portfolio credit group of at least six professionals. Some of them are Ph.D.s; others with various degrees; economists. OMERS has a senior management team and OMERS has a board—the responsibility for those investments lies in that group, and that group turned those investments down based on the quality of investments and the ability to understand exactly what supported the investments.

**Mr. Michael Prue:** I go back to page 7, because I'm not sure you've actually answered my question. You say these three key authorities to be granted to the teachers, "consistent with the direction of the Arthurs report, include," and you list the three things the teachers are going to get. Then you talk about all third parties getting that. Why should everyone get the same as the teachers? And I'm still not understanding why the government didn't do it, and I'm still not understanding why you want it.

**Mr. Michael Nobrega:** Let me try to explain why we want it, and I'll ask Blair to step in. We want it, as I said to you, so that when anyone judges us, we do not want legislation or different structures to be the issue, to be the distraction. We want the ability to look at accountabilities, transparency and financial performance. So if we get into a situation where we have two legislative powers that govern the pension fund, it will be confusing to the third party pension plan that wishes to use a larger pension fund. I think they should be on the same level

playing field so the parties looking at us can judge us outside of those issues.

**Mr. Michael Prue:** All right. So if the rules are the same for everyone, then when a financial planner or somebody sits down, they say, "OMERS did it right, given that they had the same authorities as everyone else," and they can't say, "OMERS did it right or did it wrong because OMERS has a different set of rules."

**Mr. Michael Nobrega:** That's partly the answer, but what we like to do is beyond financial performance. It's reporting systems, it's our back-office infrastructure, it's the quality of our management team, it's our governance procedures and it's our oversight, in addition to performance. So I use the word "accountability," I use the word "transparency," I use the word "governance" and I use the words "financial performance." Those four issues need to be assessed by a pension plan looking at us or Teachers, which should be independent of whether we have to go to a complex structure to get to them rather than Teachers.

**Mr. Michael Prue:** Thank you.

**Mr. Norman W. Sterling:** On a point of order: I would like to indicate our caucus's support for your position.

**Mr. Michael Nobrega:** Thank you very much.

**The Chair (Mr. Pat Hoy):** Thank you for your presentation.

#### REGISTERED NURSES' ASSOCIATION OF ONTARIO

**The Chair (Mr. Pat Hoy):** Now I call on the Registered Nurses' Association of Ontario to come forward, please.

Good afternoon. I've noted you're sitting there, but I'm compelled to tell you that you have 10 minutes. There could be five minutes of questioning. Please state your names for the purposes of our Hansard.

**Mr. David McNeil:** Good afternoon. My name is David McNeil. I'm a registered nurse. I'm the president-elect of the Registered Nurses' Association of Ontario. With me today are Robert Milling, the director of health and nursing policy at the registered nurses' association, as well as Lynn Anne Mulrooney, a registered nurse and senior policy analyst.

RNAO is a professional organization representing registered nurses who practise in all roles in all sectors across this province. Our mandate is to advocate for healthy public policy and for the role of registered nurses in enhancing the health of all Ontarians. We welcome this opportunity to present our recommendations to the Standing Committee on Finance and Economic Affairs on Bill 162, the Budget Measures Act, 2009.

Both the 2009 budget and Bill 162 are set against the backdrop of economic storm clouds that continue to cast a dark shadow over Ontario communities. Thousands of families across the province have been stricken by layoffs, dwindling savings and lost pensions. Ontario registered nurses know that it is exactly in these challenging

times, when individuals, families and communities are hurting across the province, that bold leadership is needed to invest in what will make a difference.

RNAO agrees with the need to finance an economic recovery strategy through a higher deficit. We are concerned, however, with the \$4.5 billion in business tax cuts, which are likely to have a greater structural effect on Ontario's budget. The government of Ontario should reject tax cuts in order to ensure ongoing fiscal capacity to deliver essential health, social and environmental programs.

RNAO has 10 recommendations to strengthen our province, which are explained in detail within our written submission, but I would like to emphasize a few key themes in our oral remarks today.

Hard economic times erode people's health and increase pressure on the health care system. Nursing shortages threaten patient safety and impede the delivery of efficient, high-quality health care services with optimal health outcomes. A strong nursing workforce that would support a robust surge in capacity in the health care system takes on an added urgency in the current context of the H1N1 influenza outbreak.

#### 1440

Essential health system transformation also requires improved access to registered nurses in community health settings. Especially in these challenging times, the government must get back on track with its election commitment to hire 9,000 additional nurses by hiring a minimum of 3,000 additional nurses in the fiscal year 2009-10.

The government should proceed urgently with funding 22 additional nurse-practitioner-led clinics towards honouring the commitment to a total of 25 additional nurse-practitioner-led clinics by 2011. Three nurse-practitioner-led clinics are already under way in Thunder Bay, Belle River and Sault Ste. Marie. In the face of the flu pandemic threat added to the existing need to enhance access to primary care, we strongly recommend fast-tracking this commitment to deliver all 22 remaining nurse-practitioner-led clinics this year.

Priority is also needed to fund 150 additional primary-health-care nurse-practitioner positions across community health centres, nurse-practitioner-led clinics, family health teams, emergency departments, nursing homes and other outpatient settings.

While infrastructure projects in health care are needed, it is time to recognize that the private financing for-profit model of procurement is fundamentally flawed as providing inferior value with increased cost. Amend Bill 162 to require public financing and operation of health infrastructure projects. In the meantime, the government should establish an immediate and indefinite province-wide moratorium on Infrastructure Ontario's private-finance, for-profit AFP projects in the hospital sector.

RNAO appreciates the progress that has been made with the release of *Breaking the Cycle: Ontario's Poverty Reduction Strategy* in December 2008 and the unanimous consent to third and final reading yesterday of Bill 152,



the Poverty Reduction Act, as a strong start to building a stronger, healthier, more inclusive society. The accelerated phase-in of the Ontario child benefit by two years, a 2% increase in social assistance rates and provincial funding to match federal new housing infrastructure initiatives are welcome news in the budget. We need to do more, however, for vulnerable members in our community, and so we urge that the minimum wage should be raised to \$10.25 an hour immediately, with annual increases indexed to the cost of living.

Multi-year sustained funding should be dedicated to the poverty reduction strategy to ensure measured progress to improve the economic and social conditions of persons living in poverty. This includes increasing in a substantive way social assistance rates so that all Ontarians can live in health and dignity. An immediate introduction of a \$100-per-month healthy food supplement is a step towards addressing the gap between the dangerously low assistance rates and nutritional requirements.

The government's economic recovery budget makes good headway on improving environmental health. The green energy and conservation initiatives are very significant and the cosmetic pesticides ban is world-class. RNAO recommends that the government accelerate conservation and renewable energy efforts and terminate expenditure on new nuclear power and refurbishment of Ontario Power Generation's Darlington and Pickering B sites due to high cost, lengthy construction delays and public safety concerns about radiation leaks and storage of dangerous waste. We also recommend that adequate funding for the early and effective implementation of the Toxics Reduction Act, 2009, and regulations be ensured.

RNAO remains concerned that TILMA and NAFTA and other such trade agreements shift power to investors, who can, under these arrangements, sue the government when they think their profits are affected. These agreements effectively serve as tools for deregulation and can endanger the public's health. RNAO recommends that Bill 162 be amended to ensure that all interprovincial trade and investment agreements are subject to public consultation and scrutiny; include strong protections for health care, environment, human rights and labour standards; and do not restrict federal, provincial or municipal governments' ability to regulate in the public interest.

We would like to extend our thanks to the Standing Committee on Finance and Economic Affairs for this opportunity to provide these recommendations that we hope will help you realize the vision of a healthy and prosperous Ontario.

**The Chair (Mr. Pat Hoy):** Thank you. This round of questioning goes to the government. Mr. Arthurs.

**Mr. Wayne Arthurs:** I appreciate the RNAO being here this afternoon. It's always a pleasure to have you at our budget hearings and elsewhere to bring a broad range of expertise. I think each of us around this table would want to express our appreciation to the industry, in effect, for the support and help that they give to Ontarians on a daily basis.

There's a fairly broad range of recommendations. I must say that the scope of some of them—I'm surprised in the context that they're as broad this year as they are. More often, I think, they tend to be a little more focused—not that that's wrong—on the health care side, and this year it seems to have broadened that scope a little bit.

Clearly, we remain committed to the hiring of additional nurses. Thousands have been hired, many thousands since we formed office, and hundreds more are in the process of being hired. I understand that there are actually hundreds of vacancies showing up on Workopolis, but change always occurs as people move, leave the system and the like, so we'll continue to work on that front, in particular.

Tell me a little more about the priority in regard to health practitioners and health-practitioner-led clinics. I think it's an area that the public in particular can benefit from, apart from all the other investments and changes, when it's so hard to find an adequate supply of family doctors, and being able to supply that level of health care in rural and remote communities, not just northern Ontario. I've had the same discussion this week in Durham region with the Minister of Health in smaller rural communities but very close to the big city. So I'm interested in more perspective on what we can do to enhance the nurse practitioner situation as one of the strategies.

**Mr. David McNeil:** As you are well aware, access to primary health care, particularly first episode of care, is a significant issue in the province of Ontario. What we're recommending is that we expedite the implementation of the additional nurse practitioner clinics through investment. We also need to look at the structural implementation, making sure that the model of delivery, which is an interdisciplinary model, is strengthened.

Through that initiative, we're recommending also that we look at compensation models for some of the other practitioners, in particular the physician compensation model, to ensure that we do see success in nurse practitioner clinics across the province. Currently there are structural impediments for physicians to work in a profitable way, with the way that the system is currently structured and with the compensation methods for physicians. We think nurse-practitioner-led clinics are much more cost-effective, as they provide a much-reduced cost in terms of first episode of care and primary health care delivery. Working in an interdisciplinary model can titrate the access to other, more expensive health care professionals.

We remain somewhat concerned that there is a differential in terms of the compensation model when we look at nurse practitioners and the physician assistant program, and we need to achieve some alignment around how we are ensuring that we have nurse practitioners and we get accessible access to primary health care through the immediate implementation of nurse-practitioner-led clinics.

**Mr. Wayne Arthurs:** Thank you. I appreciate the presentation this afternoon.

**The Chair (Mr. Pat Hoy):** Thank you.

TDL GROUP  
TIM HORTONS

**The Chair (Mr. Pat Hoy):** TDL Group and Tim Hortons, if you'd come forward, please.

Good afternoon. You have 10 minutes for your presentation, and there could be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard.

**Mr. Michael Grail:** Good afternoon. My name is Michael Grail.

**Ms. Katherine Webster:** I'm Katherine Webster.

**Mr. Michael Grail:** My wife, Paula, and I are Tim Hortons franchisees in the Chatham-Kent area. Since 1993, we have operated five Tim Hortons locations in Wallaceburg, Chatham and Dresden. We are small business owners in grassroots communities, and we currently employ over 150 employees.

I'd like to share my views as to the impact that the proposed harmonization will have on my business as well as my fellow operators in southwestern Ontario and abroad. I am the region's elected franchisee advisory board member, and I represent 53 owners in southwestern Ontario. I'm well aware of the issues that are first and foremost on their minds.

1450

I have been told that since the introduction of the PST in 1961, the province has tried to manage the overall cost of food to Ontarians by not taxing food purchased through grocery stores, convenience stores and also restaurants. The meal exemption was introduced back in 1961 at \$1.50 and has now grown to the \$4 exemption we enjoy today. You might like to know that according to the Bank of Canada, a \$1.50 exemption back in 1961 is now almost \$11 if adjusted for inflation today. Removing this threshold is a fundamental shift in tax policy, and I'm wondering if this is what the government today is intending to do.

After 16 years of business, I have seen dramatic increases to the morning and afternoon day parts in my stores. I attribute this to busier lifestyles, whereby families are eating on the go much more frequently. The fact that Tim Hortons has grown so much as a chain in the past 40 years clearly indicates that grab-and-go breakfasts and lunches are what people need.

The Tim Hortons chain represents 42% of the overall quick-service restaurant traffic in Canada, of which 78% of the traffic is in the coffee and baked goods sector. Just over half of the Tim Hortons stores in the chain are located in Ontario. I have been told that these 1,600 stores, on average, serve a total of 2.5 million people a day.

My customers typically spend about \$2.75 to \$3.25 per transaction. You may not know this, but over 40% of our customers visit a Tim's location at least 4.4 times a week or more.

Let me describe these people whom I see every day, many of them frequenting my stores up to three to four times a day. I see countless seniors who meet at sche-

duled times throughout the day with friends, oftentimes bragging about their grandchildren. I see young children coming in on a Saturday morning after a soccer or hockey game. I see scores of high school students on their lunch break looking to grab a quick, healthy meal. I see the special needs population, who frequent our stores regularly for meals and interaction with other customers. Particularly, I see those that have been laid off from work and are currently unemployed. These are the people who are going to be affected the greatest by losing the \$4 exemption.

My loyal repeat customers that I see every day will now have to pay 8% more for any purchase at my store. For some, that will be an 8% increase on a large double-double, which equates to an extra 12 cents per time that they come in. For the mom who is in a rush every day, I see her asking for a milk and bagel with cream cheese for her daughter on the way to school, with the result being 8% of \$2.97, which is an extra 24 cents.

My corporate head office has advised me that back in 1991, when the GST was introduced, it was the only time in Tim Hortons' history that we experienced negative growth year after year. I'm very afraid that this will happen again next July. Currently, I don't think my customers realize the extent that harmonization will affect them and how they will be forced to reduce the number of trips they make to my store if the price per visit, on average, goes up 25 cents each time. Couple the HST with other household increases like gasoline, Internet services and newspapers, and this is sure to be a burden on families.

The fellow owners I have spoken to in southwestern Ontario, especially Windsor, are seeing the worst impact of the recession thus far. One operator has had to reduce his workforce by over 25%; he reduced it from 450 employees down to 360 due to the drop-off in business and the increased input costs into his business.

We have especially been hit hard by the increases in minimum wage. Since 2004, the minimum wage has seen significant annual increases. Over the past two years, we have experienced 75-cent increases per year, with yet another scheduled in 2010. We were truly hoping that the government would delay next year's increase because of the economy, but we know that the Premier has decided that won't happen.

The Ontario store owners have absorbed the last round of minimum wage increases and have not passed on a price increase to the customer due to the economy. However, there is absolutely no opportunity for us to absorb this new tax on food with the removal of the \$4 exemption.

The forced minimum wage hikes annually since 2004 have been the single most negative impact on our business to date. Input tax credits are already fully utilized and there are no additional savings we can pass on to the customers. Losing the \$4 exemption will be considered a tax increase in the eyes of our customers. I can't stress this enough. Ironically, this will have the most serious impact on seniors and low-income earners—the same



people who truly need the assistance. Seniors are one of our most frequent customers. We are a popular meeting place for them and we are pleased to have them.

I am asking this committee to consider the impact of losing the \$4 tax exemption for my type of business and, more importantly, for the people we serve every day—all 2.5 million of them.

Please tell the finance department to somehow find ways to maintain this exemption. It will make a difference to my customers, who visit me every day.

I want to thank you for your time.

**The Chair (Mr. Pat Hoy):** Thank you. Did you have any comment?

**Ms. Katherine Webster:** Yes, I do.

**The Chair (Mr. Pat Hoy):** Go ahead. There are about two minutes left.

**Ms. Katherine Webster:** Good afternoon. Thank you very much for giving us the opportunity to speak with you. As I said, my name is Katherine Webster. My husband Andrew and I own five locations—four in Vaughan and one in Thornhill—and we've been owners since the year 2000, currently employing exactly 132 people. We're hands-on owners. We're there every day, between the two of us. I'd like to, if you would bear with me, share with you our perspective on the GST and PST issue.

What we're serving—as you know, I'm sure—is a very good breakfast, a good meal for Canadians, for Ontarians. We have low-fat, high-fibre muffins, we have bagels, fruit and yogourt. We provide one of the healthiest options for breakfast in our industry. And more and more people are eating on the go. I have mothers—it's not unknown to see them come through the drive-through in their pyjamas with three children in the back, feed them their breakfast and grab them their lunch on the way to school. The brown-bag lunch isn't happening as often anymore, certainly not with mothers or families who are working so much. Of course, we have students from high schools coming in for their lunches as well as our seniors. Those breakfasts and lunches that we provide for under \$4 support your initiative to keep Ontarians healthy. They support the healthy schools program, and I'm a member of my son's healthy schools program committee at our school. And as a high school teacher, we focus greatly on that initiative with our students—as well as, of course, the poverty reduction strategy. That \$4 goes a long way there.

An example of a breakfast that I can give anybody who comes in for less than \$4 is an orange juice, a bagel and cream cheese. For that, they're going to get their fibre, their protein and their vitamins A and C, and they're going to get calcium and iron. And their lunch is the same. They're going to get exactly the same types of things in a chicken club, an egg salad sandwich or our new chicken snack wrap, all at under \$4.

With the harmonization, these items are going to be far more expensive and customers may choose something else. They may choose that bag of chips because it's less. They may choose a quick burger or something fried

because it's easier and it's cheaper. Those are the things that we want to avoid. We don't want them going against the healthy schools initiative or keeping the Ontario community healthy.

It is such a burden on those people who are on lower and fixed incomes—the seniors and the students whom Mike mentioned. In my area alone, I have three high schools—Vaughan Secondary, Westmount and Langstaff. I have two public schools. I am book-ended by two community centres. Just down the road, a new Chartwell retirement residence just opened in its first phase, with 250 seniors. One of our stores is surrounded by industry and shift workers, and we have a very strong single-parent community. These are the people who are really going to be affected by this harmonization.

On our side of things, we are watching our costs very closely—our production and our labour. We are managing our costs as tightly as we possibly can, especially with the minimum wage impact. We have certainly been feeling it in our staff and in our stores. The higher prices are going to cost them money when they can't afford it. Our people, our customers, can't afford this right now. We want to be able to continue to offer them what we always have: a good meal at a decent price, and healthy options. I'm not sure that we can do that if we're going to ask them to pay more.

Already, from our perspective, our staff hours, especially in my industry sector, have been cut at each of our two main stores by 240 hours a week at each store. If we lose even more business from the \$4 exemption, then obviously I'm going to have to cut those hours back further, and these people have been a part of our family for eight years.

**1500**

My message to the committee is to hear our concerns. They are on behalf of our customers and our staff. They care about their daily trips to Tim's. It is part of their routine because it's what keeps them and their families going. The Premier in our meeting thanked us not too long ago for providing those healthy options, for being an option not just for employment, certainly, for seniors and for students, but also of course for providing options for families that nobody has to feel guilty about.

Next July, if we lose that exemption, as Mike said, my customers are going to have to spend at least 25 cents more per visit. That's too much when so many of them in our area are out of work and facing a shortage of hours.

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to the official opposition. Mr. Sterling.

**Mr. Norman W. Sterling:** Yes, I gave you some of my time so that you would have a chance to complete your story, Katherine.

We all go into Tim Hortons. I have one right around the corner from my constituency office in Kanata. I don't know whether—I usually get the breakfast sandwich and a coffee. I probably go over the four bucks. I'll have to change my habits here to go under, at least for the next year.

But I observe with you that there are many people in there, a lot of people on fixed incomes. In my area, I've

got a lot of people who are tenuously on the line with regard to their Nortel pensions and they're worried about every dime they spend, so there are lots of people out there who are going to be in even more financial straits as we go forward.

I hear your story and I believe that Tim Hortons does a great job in not only providing good nutrition at a low price, but also supporting the community in a very, very substantial way. We hear you very clearly, my caucus of the Progressive Conservatives.

**Ms. Katherine Webster:** Thank you.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation.

#### ONTARIO BAR ASSOCIATION

**The Chair (Mr. Pat Hoy):** Now I ask the Ontario Bar Association to come forward, please.

Good afternoon, gentlemen. You have 10 minutes for your presentation. There could be up to five minutes of questioning following that. I would just ask you to identify yourselves for the purposes of our recording Hansard.

**Mr. Jamie Trimble:** My name is Jamie Trimble. I'm the president of the Ontario Bar Association. I've met many in the room. Thank you for having us.

I am the spokesperson for a coalition of legal organizations who have come together to express some concern about how the proposed HST will affect access to justice and to legal services. With me are the following people for the following legal associations: First is the County and District Law Presidents' Association, Richard Wozenilek; the Advocates' Society, David Spiro; my co-chair of the committee, Rob Kreklewetz; and Allen Rouben, who is from the Ontario Trial Lawyers Association, representing the plaintiffs' personal injury bar. The association that is also a member of the coalition that is not present is the Canadian Defence Lawyers association.

To put it directly, we are here to urge the Legislature to zero-rate, for HST purposes, the legal services provided to ordinary Ontarians—to consumers, as defined in the legislation. Why? The answer's simple: By increasing the cost of legal services by 8%, more ordinary people will not be able to afford a lawyer or will not be able to afford sufficient legal services to protect their basic rights.

Self-representation, both in the courts and in any legal transaction, is a right. We all have that right. But self-representation which is forced by economic circumstances or by an increased tax burden will mean that ordinary people will make a will, they'll buy and sell homes, they'll make business deals and they'll represent themselves in court. They will, in these tough economic times, accept dismissal terms from employment which are not favourable. They will not be able to adequately protect their rights. Bad deals will be made; commerce will be affected. The courts will be even more clogged than they already are. Access to legal services of all sorts

is the cornerstone of our society and therefore we urge the government to zero-rate, for HST purposes, legal services to consumers or to ordinary Canadians. When we speak about zero-rating for HST, we're talking about the PST component of the proposed HST.

For your information, ladies and gentlemen, in the submission that you have at page 4 we've given you nine examples, if my memory is correct, of simple ways that every person in Ontario may be affected by the HST increase because of the harmonized sales tax on legal services.

That ends our formal submissions, unless any of my friends wish to add something, and we wish to entertain your questions.

**The Chair (Mr. Pat Hoy):** Does anyone have another comment? Very good. Thank you, sirs. We'll go to the NDP for the questioning in this round.

**Mr. Michael Prue:** I've had a great many people come to my office of late, particularly in the real estate market. They're talking about how new homes costing more than \$500,000 will be subject to a full rate of tax, 8%, but they're also talking about the other things that will be taxed, including real estate fees, lawyer's fees, search fees, all the other things, and they're talking about a downturn. Do you feel people will stop using lawyers in home transactions, as an example, because it's an extra 8%?

**Mr. Robert Kreklewetz:** Well, that's certainly a possibility, and more so than that, consistent with our access-to-justice submission, there's a concern that not only will they stop using lawyers in real estate transactions; they'll become self-represented litigants in the judicial system, clogging that and creating further problems for Ontario. It just goes on and on.

**Mr. Jamie Trimble:** On that point, Mr. Prue, I'm not a real estate lawyer, but people on our committee who are real estate lawyers have advised us. The example that we've given, and it's the middle one on the right-hand column of page 4, is that if the associated costs—forgetting about the purchase of the home itself—are \$30,000, then the increased tax burden is \$2,400. Most homeowners only have their equity, or their down payment if it's their first house, so any increase in the overall cost of purchasing the house has to be financed on the back of the mortgage, which means that \$2,400 now becomes \$5,000 because it's amortized over the life of the mortgage. So that's a real effect.

In terms of how they will use a lawyer, they probably have to use a lawyer to register the change, but they may not have the agreement of purchase and sale looked at before they enter into it.

People may end up doing holograph wills now, doing a will on a blank sheet of paper. They don't know about the Succession Law Reform Act; they don't know about their Family Law Act obligations if there are economic dependants who survive them. That will just create problems in litigation after they've gone, and it's the executor and the heirs who are left to sort out what the will says or ought to have said.



**Mr. Michael Prue:** I have people come into my office quite regularly, frustrated. They've hired lawyers, but the lawyers tend to be expensive, at least to poor people; they think it's expensive. Do you think that the 8% will cause that many more not to seek legal advice? I already have some who say, "Wow, this is costing me a lot of money," in frustration. Do you think that I can expect and that the members here can expect to see even more coming in and saying, "I can't do it anymore. I just can't pay it"? And then they tell me they go off to represent themselves, usually disastrously, usually with some disaster.

**Mr. Jamie Trimble:** We agree. That's the short answer: We agree. The increased tax burden because of the HST on legal services won't mean that no one will afford a lawyer, but there is a large section of the population—and they're ordinary people, people who earn ordinary wages, the average industrial wage—who sit on the cusp, and any additional burden to them means they will forgo it, potentially, or they will not take legal services to the full extent because they can't afford to. That's exactly our point.

**Mr. Michael Prue:** Because if you're really poor, you can get legal services, but if you earn, you know, not a lot of money, \$25,000, \$30,000—I don't know what the level is, but once you earn above that, you're on your own. These are the people that I'm worried about, and what the 8% is going to do to them.

**Mr. Robert Kreklewetz:** The OBA has representation from a number of different lawyers in a number of different areas, and certainly the family law bar was extremely concerned with the HST because they deal, in family law cases, with some of the more vulnerable people in society and just those exact people. For the single mother who's actually earning a decent wage but yet supporting a number of children, another 8% on legal fees in her family law battle may not be a very welcome thing.

1510

**Mr. Michael Prue:** In terms of other provinces, the government keeps saying that other provinces have gone down the blended route: They have harmonized sales taxes. Do you know of any other provinces that tax lawyers as well? Have the others already done this as well? I'm thinking about Nova Scotia, New Brunswick—the others that have gone down this road.

**Mr. Robert Kreklewetz:** Yes, I believe the HST provinces, or what have been referred to as the HST provinces, which are New Brunswick, Nova Scotia and Newfoundland, do have their component unfairly taxing legal services. British Columbia, I believe, in their provincial sales tax is taxing legal services.

**Mr. Michael Prue:** All right—and to what effect? That's what we need to hear. Has the number of people using lawyers gone down since this has started to happen?

**Mr. Jamie Trimble:** Nobody keeps statistics. The unfortunate part is that because lawyers' services are private retainers, private contracts with our clients, we don't have statistics because they're not centrally kept. It's not like the OHIP system, where there is a central repository of the information.

**Mr. Michael Prue:** But anecdotally, do you think it's happened?

**Mr. Jamie Trimble:** Yes. We wouldn't be here if we thought otherwise.

**Mr. Michael Prue:** Okay, fair enough. Is there more time?

**The Chair (Mr. Pat Hoy):** No, actually.

**Mr. Michael Prue:** I thought it must be close to running out. Okay.

**The Chair (Mr. Pat Hoy):** You're about 40 seconds over.

Thank you, gentlemen, for your presentation.

**Mr. Jamie Trimble:** Thank you, Mr. Chairman.

## ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW

**The Chair (Mr. Pat Hoy):** Now I call on ACORN, the Association of Community Organizations for Reform Now. The presenter has asked that he might have some assistance during this, so I'm going to allow for that.

**Ms. Leeanna Pendergast:** We brought in the teacher.

**The Chair (Mr. Pat Hoy):** Ms. Pendergast is going to help out.

**Mr. Martin Levine:** You know what they say: An apple a day keeps the teacher away.

**Ms. Leeanna Pendergast:** But I'm right here.

**The Chair (Mr. Pat Hoy):** You have 10 minutes, sir. If you would just state your name, and you can begin.

**Mr. Martin Levine:** Yes, I will. Brothers and sisters, my name is Martine Levine and I am a tenant of 525 Lawrence Avenue West in Toronto. I am a volunteer for the NDP and a proud member of ACORN, the Association of Community Organizations for Reform Now. I am here today to address you on issues of deplorable treatment towards tenants who are disadvantaged, from people who are special needs, both physically and mentally, to senior citizens, single parents and so on.

Since I've lived in my co-op apartment for 12 years, I have experienced nothing but trouble. People in my building who are low-income and/or living with disabilities have been mistreated and neglected by the co-op president and landlord. Instead of providing necessary support and services to the tenants of the building, the former president improperly used people's rent money for personal gain. For example, the president and landlord refused to assist in the cleaning up of a mess left by a dog because its owner was not physically able to do it themselves. This was a blatant disregard for this person's abilities and the rest of the tenants' needs as they would not maintain the building.

My wife, Shelley Levine, and I are both persons with slow-learning disabilities. After our social worker spoke to the manager about our feelings regarding their treatment towards us, we received a threatening letter from the management of the co-op housing. The letter was clearly targeting my wife, Shelley, for eviction unless we paid extra money on top of our rent money if we wanted to receive their support. I stood up for her by speaking to

the management, who left that position, but since then there have been conflicts and threats by new management.

Our story is not much different than many other tenants living in low-income housing all over the city. The housing management has no respect for people who are disadvantaged and provide inadequate services. We need much better support for people who are living with disabilities and are low-income.

A wonderful century-old statement says that any society, any nation, is judged on the basis of how it treats its weakest members; its seniors, its low-income tenants, single mothers and people with disabilities. Or, to rephrase, the greatness of a nation and its progress can be judged by the way it treats its members who are the most disadvantaged. If we apply this to the regional government of Ontario, I think it is fair to say that we, the people of Ontario, should be disgusted with our current government, and we feel it needs to act quickly to fix those outlined problems.

We deserve equal treatment by the building management and increased support for people who are disadvantaged. We demand to live with dignity and respect, and refuse to be taken advantage of or be harassed in our own buildings. It is bad enough that the government is cutting social funds all the time for people who have disabilities; people are suffering greatly from the stresses of paying for the basics such as rent. We are taking money from our ODSP and CPP to pay for medical expenses when it should be covered under OHIP.

How can we cover rent if we don't have enough money to keep us healthy? People living on social assistance are not even allowed to receive anything their parents or family members would leave to them in their will after they've passed on. How can we survive?

Premier McGuinty, I ask you: Would you allow your mother to be treated the way we are treated by this current government? You said that if you were elected or re-elected you would improve conditions for tenants and people with disabilities. When are you going to fulfill those promises?

If the landlord does not want to do their job and respect their tenants, then we feel they should not receive a financial gain until they use the golden rule—treat others how you want to be treated.

Brothers and sisters, what do you think about that?

**The Chair (Mr. Pat Hoy):** Thank you. The questioning will go to the government. Mr. Arthurs?

**Mr. Wayne Arthurs:** Can I call you Martin, as opposed to Mr. Levine?

**Mr. Martin Levine:** Yes. Sure. Just don't call me late for lunch.

**Mr. Wayne Arthurs:** We'll try not to call you late for Tim Hortons.

You sat here through the afternoon; I noticed you were here when we started at 2 o'clock—

**Mr. Martin Levine:** I was. I was hearing everything.

**Mr. Wayne Arthurs:** That's right. You'll appreciate the fact that it's probably unusual for us to have individ-

uals come to this committee at the time of the budget and express their concerns about their own, their families' and their neighbours' situations. You will have seen, just before you, some half-dozen lawyers, so you must have felt somewhat outnumbered in that way. I do want to thank you for being here.

Just a couple of comments, if I could: I very much appreciate what you put here. I would hope that you would have the opportunity to work with your social worker, presumably with the board of the co-op—it's a co-op building? I think you mentioned a co-op in here.

**Mr. Martin Levine:** Yes, it's a co-op.

**Mr. Wayne Arthurs:** And hopefully, since people there are intended to work in a co-operative environment to support each other, you can seek some additional satisfaction with the operation of the building that way.

We've recently adopted our poverty legislation, the poverty reduction strategy, which was unanimously supported, I think I can say. We've seen increases in the budget, in the Ontario disability support payment—although it's modest, it's an increase—an increase in the Ontario Works payment, so there's some additional resource. We're certainly aware of those who have special needs from the standpoint of economic support and continuing to provide support in that way.

I appreciate, too, the comments you made, the quotes that you've selected in making your presentation. The quote that we will be judged, effectively—if I can paraphrase—by the way we treat those with the greatest needs in our community: Hopefully, at the end of the day, we'll all be judged fairly in that regard. We should be treating people—

**Mr. Martin Levine:** I hope so, instead of having more people like the single mothers and people like us living on the streets.

**Mr. Wayne Arthurs:** Exactly.

**Mr. Martin Levine:** I wanted to mention to you that there are agencies behind us that want to know: Why won't the government give them more money when they want to take the homeless, the single mothers, off the street and get them back on their feet and help them out? Why won't the Premier and the Prime Minister help them in that kind of case? That's what I would like to know.

**Mr. Wayne Arthurs:** I think it's, in part, why we're having the debate and discussion we've had around poverty reduction strategies and putting plans in place for some longer-term initiatives in that regard.

Thank you for being here. I certainly would encourage you to continue working through your social worker, with the board of your co-op, to make your housing situation better. Your points, being made as an individual who is provided with some of these services, but who also reflects the service needs in our communities, were well received today. I want to thank you for being here.

**Mr. Martin Levine:** Thank you, sir.

**The Chair (Mr. Pat Hoy):** And thank you.

Our next presenter has not arrived, so we'll recess until 3:45 p.m. or until they come. I ask you to stay by the room, as they could drop in at any second.

*The committee recessed from 1524 to 1529.*



## CANADIAN MANUFACTURERS AND EXPORTERS

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order once again.

We have our last presenter of the day, the Canadian Manufacturers and Exporters.

Gentlemen, you have 10 minutes for your presentation. There could be up to five minutes of questioning. I just ask you to identify yourselves for Hansard.

**Mr. Ian Howcroft:** My name is Ian Howcroft. I'm vice-president of Canadian Manufacturers and Exporters. With me is Paul Clipsham, our director of policy.

On behalf of CME, I'd like to thank the Chair and the committee for allowing us the opportunity to comment on the recently tabled budget and offer insight from our perspective. Arguably, this is one of the most important budgets in the province's history.

Before we turn to the specifics or more substantive comments, I think it's important to note a few things about CME and manufacturing and the important roles that we and manufacturing play in the Ontario economy. It'll help put things into perspective.

CME is the voice of manufacturing and exporting. Our member companies account for approximately 75% of total manufacturing output and approximately 90% of Ontario's exports. Our members represent a broad variety of industry sectors, with approximately 85% of our members being small and medium-sized enterprises. Consequently, we feel that CME is well equipped to represent the voice of manufacturers and exporters in the province of Ontario.

Our sector accounts for approximately 16% of GDP, producing about \$300 billion of output for the Ontario economy. Further, the manufacturing and exporting sectors provide employment for approximately 800,000 Ontarians directly, and another 1.5 million have jobs that are indirectly dependent on manufacturing. One out of every six jobs in Ontario depends on manufacturing, and this is after the significant losses that we've seen since June 2002. These are highly skilled and highly paid jobs, with wages about 25% above the national average. Every dollar invested in manufacturing generates \$3.25 in total economic activity, the highest multiplier of any sector. Manufacturing is also responsible for over two thirds of private sector research and development.

We raise these facts, again, to demonstrate how important manufacturing is to Ontario and why it's important that we all take steps to protect and grow this important sector.

It's also important to recognize and commend the government on its commitment to a strong manufacturing sector. By adopting some of CME's earlier recommendations to create the Ontario Manufacturing Council, to eliminate capital tax for manufacturing activities, and to provide funding for productivity improvements that ultimately became CME's Smart program, the government has taken meaningful and demonstrable steps to

address some of the challenges facing this sector during these crucial times. However, a lot more has to be done.

Since our presentation to this committee in January, we've now had the opportunity to review the budget bill, and overall we're pleased with many aspects and some of the bold steps that were taken to help manufacturers deal with these current challenges. This will assist not only manufacturers but the entire economy of Ontario, and ultimately benefit all Ontarians.

The recent credit meltdown in global financial markets, liquidity issues and the recession south of the border have only added intensity to what we classify or call the perfect storm. In Ontario, as I referenced a few minutes ago, we have over 200,000 fewer manufacturing jobs than we did just a few years ago. Reports by leading economists suggest we could lose tens of thousands more jobs over the next year or two if we continue on our current path. Consequently, an aggressive, collaborative and co-operative approach to developing innovative solutions to get us through these difficult times and challenges is necessary. This budget, in our view, moves us in that direction. We again commend the government for making some crucial decisions.

Despite the unprecedented nature of these challenges, there is still reason for some cautious optimism. We know, for example, from our annual management issues surveys and regular surveys we're now doing that companies that are able to make investments are more optimistic about their prospects for growth. We're getting a sense that we may have hit bottom. Nothing is guaranteed, but the question now is, how long will we scrape along the bottom before we see some marked improvement?

We need urgent action on the part of government to allow manufacturers and exporters to retain more of their cash flow in order to make the necessary investments in skills training, productivity enhancements and research and development that are so crucial to survival and ultimate expansion. The actions of the government must be based on the following three tenets or principles: a competitive taxation system, cultivating a highly skilled workforce, and a world-class infrastructure. Therefore, we're pleased to see that the manufacturing tax rate will be reduced from 12% to 10%, albeit this will not take place until 2010. We're also very pleased with and very supportive of the harmonization of the PST and GST addressed in this budget. This has been a long-standing priority for CME, and it makes sense on several levels—from a regulatory and bureaucratic approach to a tax-policy and economic approach. These are major steps forward that will assist manufacturers and thus help the entire economy and all the people of Ontario.

Keeping these broad facts in mind, I'll now ask Paul Clipsham to talk about some of the more specific recommendations and specific comments that we have on some of the substantive issues that I've already addressed and some others that were in our pre-budget submission.

**Mr. Paul Clipsham:** Thanks, Ian. I'd like to spend the remaining time going into a bit more detail about what

we felt was right about this budget and what should be done to stimulate the economy further.

The level of Ontario tax burden continues to be viewed as an uncompetitive cost of doing business in Ontario. A recently published report by PricewaterhouseCoopers and the World Bank entitled *Paying Taxes* ranked Canada as 99th among 178 countries in terms of the total tax rate paid by businesses. These costs are beyond the capacity of individual companies to control and a major impediment to attracting new investment and sustaining economic growth. The harmonization of the PST with the GST and corporate tax reductions will significantly improve the total tax rate for business and elevate Ontario to a more attractive place to keep and grow investment.

In order to maximize the benefits of harmonization, the government should eliminate the remaining input tax credit restrictions as quickly as possible. As presently drafted, companies would not see the full benefit of harmonization for nine years. Let me be clear, though: CME fully supports the direction that the government has proposed on harmonization.

CME also supports a proposal to reduce corporate taxes for manufacturers from 12% to 10%. Given the increasingly global competition for manufacturing and investment, we feel that the government should reduce the rate further in order to provide a more compelling case for investment.

Access to credit continues to be an issue for our members. In our April survey of over 700 manufacturers, 56% of companies reported some degree of difficulty in accessing financing. While this is a slight improvement over the March figures, it is still alarmingly high compared to pre-recession levels of between 20% and 30%. CME recommends that the budget bill be augmented to include provisions such as loan guarantees or direct financing to provide relief in this area.

The budget also does not address inequities in the property tax system that are widespread in Ontario, with industrial taxpayers bearing a disproportionate burden. CME recommends that the government reduce property taxes for manufacturers to be more in line with commercial rates. The corporate minimum tax, or CMT, is not a significant source of revenue for the government and represents an administrative and financial burden for businesses in Ontario. The budget proposes reducing the CMT, which is the right direction, but CME recommends that the CMT be eliminated for greater efficiency.

CME also supports the budget initiatives regarding skills training and development. In particular, we support enhancements to the apprenticeship training tax credit and the co-operative education tax credit, and we feel that further enhancements are warranted in each of these areas. These credits, I should point out, are refundable, which means that if a company is not currently profitable, they can still access the incentive. CME recommends that the government look to monetize all existing credits to ensure that companies facing particularly bad circumstances can also access these incentives.

The significant investment in infrastructure is also certainly warranted. It is important that these investments begin to flow as expeditiously as possible.

So in conclusion, CME is supportive of the key measures of this budget, and we encourage this committee to work to ensure passage and swift implementation of the budget. CME appreciates the opportunity to provide comments on Bill 162 to the Standing Committee on Finance and Economic Affairs, and we are open to take any questions that you have at this point.

**The Chair (Mr. Pat Hoy):** Thank you, gentlemen. Questioning will go to the official opposition. Mr. Sterling?

**Mr. Norman W. Sterling:** First question. This government has increased taxation tremendously over the last five years. The health tax was a huge hit on businesses and on individuals. How long will it take business to react to a 180 in terms of taxation policy? Investors, in my view, would look askance at first at a significant move, and it does require time to make those investment decisions in terms of going forward. What kind of time frame would we be looking at in terms of companies doing their investment in a jurisdiction?

**Mr. Paul Clipsham:** One example that we point to is some work that was done in the Atlantic provinces on harmonization that showed that the actual savings on consumer goods happened very quickly. So companies did react very quickly, certainly within a year of the implementation of harmonization there. That's just one example that I would point to—

**Mr. Norman W. Sterling:** That's the benefit, but I'm talking about the investment climate. How long does it take it to change?

**Mr. Ian Howcroft:** I think that's going to vary depending on the company, the investor and the sector. The initial reaction we got from our committee members when they saw, read and reviewed the budget was, "That's great. We've been fighting for these things for a long time."

However, the negative side is, we're not profitable right now. These aren't going to help us for a while, until we are profitable, and that's why we again raised the issue of monetization of the tax credits. The companies that aren't profitable right now aren't able to benefit from the lower tax rate, but they could benefit, perhaps, if some of these tax credits that they have are allowed to be monetized in the form of a rebate. But it is going to take time for the tax rates to get through the system and to build investor confidence. As I mentioned, the manufacturing tax rate being reduced to 10% is, again, the right direction, but that doesn't take place until 2010, so we're still dealing with the 12% for another year and a bit.

**Mr. Norman W. Sterling:** You say in your brief that harmonization will take nine years to complete.

**Mr. Paul Clipsham:** No. Well, to achieve the full benefit. There's currently a phase-out schedule for input tax credit restrictions, so it begins—over five years, there will be these input tax credit restrictions, and then,



beginning in the sixth year, they start to be phased out over three years, so nine years before the full benefit is achieved is the point I was trying to make.

**Mr. Norman W. Sterling:** Can you give us an example of how the rebate system would work for a manufacturer?

**Mr. Paul Clipsham:** In the present system, manufacturers do receive exemptions on sales tax for inputs to the manufacturing part of their business, but they don't receive those credits on overhead, for example. What happens is you get this cascading effect of taxes that are built into the supply chain so that by the time you get to the finished good, the consumer is bearing those taxes that are built into the system.

In the case of harmonization, it's a more transparent system. The consumer sees more of it, so they don't like it as much, but, in effect, it should result in reductions in the overall cost of production and also the consumer good at the end of the day.

**Mr. Ian Howcroft:** And a benefit on the regulatory side, as well, to harmonized tax. You're not doing it twice, so there are hundreds of millions of dollars in savings right there, as well.

**Mr. Norman W. Sterling:** So if you buy a machine, for a manufacturer, you don't have to pay the sales tax on it?

**Mr. Paul Clipsham:** That's correct, but if you buy office furniture or pencils, pens, computers or whatever, you would pay it on that, and, again, so does your supplier and your supplier's supplier and so forth. It's built into the system, so harmonization would eliminate all of that that's currently built into the system and move it to the end point.

**Mr. Norman W. Sterling:** So you would get your money back on the pencils in terms of your product going out the door.

**Mr. Ian Howcroft:** That's correct.

**Mr. Paul Clipsham:** In the form of an input tax credit.

**Mr. Norman W. Sterling:** Thank you.

**The Chair (Mr. Pat Hoy):** And thank you for your presentation before the committee.

I remind the committee that the deadline for filing amendments to the bill shall be 12 noon on Monday, May 11.

We are adjourned.

*The committee adjourned at 1543.*





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## CONTENTS

Thursday 7 May 2009

<b>Subcommittee report</b> .....	F-837
<b>Budget Measures Act, 2009, Bill 162, <i>Mr. Duncan</i> / <b>Loi de 2009 sur les mesures budgétaires</b>, projet de loi 162, <i>M. Duncan</i></b> .....	F-837
Ontario Chamber of Commerce.....	F-837
Mr. Len Crispino	
Institute for Competitiveness and Prosperity .....	F-840
Mr. James Milway	
Ontario Federation of Labour.....	F-842
Ms. Marie Kelly; Ms. Sheila Block	
Daily Bread Food Bank.....	F-844
Mr. Michael Oliphant	
Canadian Auto Workers.....	F-846
Mr. Ken Lewenza; Mr. Sym Gill	
Associated Canadian Car Rental Operators .....	F-849
Mr. Bill McNeice	
Law Society of Upper Canada.....	F-850
Mr. Derry Millar	
Ontario Municipal Employees Retirement System .....	F-852
Mr. Michael Nobrega	
Registered Nurses' Association of Ontario .....	F-854
Dr. David McNeil	
TDL Group; Tim Hortons.....	F-856
Mr. Michael Grail; Ms. Katherine Webster	
Ontario Bar Association .....	F-858
Mr. Jamie Trimble; Mr. Robert Kreklewetz	
Association of Community Organizations for Reform Now .....	F-859
Mr. Martin Levine	
Canadian Manufacturers and Exporters.....	F-861
Mr. Ian Howcroft; Mr. Paul Clipsham	



C20N  
Xc25  
-F31



F-33

F-33

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Première session, 39<sup>e</sup> législature

## Official Report of Debates (Hansard)

Thursday 14 May 2009

## Journal des débats (Hansard)

Jeudi 14 mai 2009

### Standing Committee on Finance and Economic Affairs

Budget Measures Act, 2009

### Comité permanent des finances et des affaires économiques

Loi de 2009 sur  
les mesures budgétaires

Chair: Pat Hoy  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 14 May 2009

Jeudi 14 mai 2009

*The committee met at 0901 in room 151.*BUDGET MEASURES ACT, 2009  
LOI DE 2009 SUR  
LES MESURES BUDGÉTAIRES

Consideration of Bill 162, An Act respecting the budget measures and other matters / Projet de loi 162, Loi concernant les mesures budgétaires et d'autres questions.

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. I remind the committee that we're working under the time allocation motion that was presented in the House on April 21.

I wonder if I could have unanimous consent from the committee to deal with the schedules first and then go back to the sections? It's just a matter of efficiency in working our way through it. Agreed?

**Mr. Norman W. Sterling:** Go back to section—

**The Chair (Mr. Pat Hoy):** We would work with the schedules first and then go back to each section. So we're agreed? Thank you.

If I could have the committee's attention, I would like to bring to the attention of the members that there are three identical amendments in the amendment package. Once the committee deals with the first of the three identical amendments, the other two identical amendments will become redundant.

Schedule 1: Sections 1 through 3 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 1 carry? All in favour? Carried.

Schedule 2: Sections 1 through 7 have no amendments. Shall they carry? All in favour? Carried.

Shall schedule 2 carry? All in favour? Carried.

Schedule 3: Sections 1 and 2 have no amendments to them. Shall they carry? All in favour? Opposed? Carried.

Schedule 3: Shall it carry? All in favour? Carried.

Schedule 4: Sections 1 through 9, inclusive, have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 4 carry? Carried.

Schedule 5: Sections 1 through 4 have no amendments. Shall they carry? Carried.

Shall schedule 5 carry? All in favour? Carried.

Schedule 6: Sections 1 through 3 have no amendments. Shall they carry? All in favour? Opposed? Carried.

Shall schedule 6 carry? Carried.

Schedule 7: Sections 1 through 3 have no amendments. Shall they carry? Opposed? Carried.

Shall schedule 7 carry? All in favour? Carried.

Schedule 8: Sections 1 and 2 have no amendments. All in favour? Carried.

Shall schedule 8 carry? Carried.

Schedule 9: Sections 1 through 4 have no amendments. Shall they carry? Carried.

Shall schedule 9 carry? All in favour? Carried.

Schedule 10: Sections 1 and 2 have no amendments. Shall they carry? Carried.

Shall schedule 10 carry? All in favour? Carried.

Schedule 11: Sections 1 through 5 have no amendments. Shall they carry? Carried.

Shall schedule 11 carry? Carried.

Schedule 12: Sections 1 through 8 have no amendments. Shall they carry? Carried.

Shall schedule 12 carry? All in favour? Carried.

Now we come to schedule 13, sections 1 through 5. Mr. Arthurs.

**Mr. Wayne Arthurs:** The government is recommending that we vote against schedule 13. We want to effectively withdraw the amendment at this time. We're continuing to work with the auditor with respect to government advertising, so we want to continue to adhere both to the letter and the intent of the law. We feel there are processes where it could be more efficient, but we are recommending that we vote against schedule 13 and thus have it withdrawn from the legislation at this time.

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Norman W. Sterling:** I'd like to know what the auditor's objections to this section were or are. Can you outline what those are?

**Mr. Wayne Arthurs:** We can't outline the objections of the auditor. We're working with him; we want to make the process work more efficiently. There are some mundane kinds of things, I think, that crop up during the discussion on legislation, probably as simple as whether or not one should use a red car or a blue car or a green car or an orange car, that might be considered to be politicizing the process in some fashion. We want to continue working with the auditor over the summer and ideally make sure that we have a consensus, that he can

do his job effectively and still adhere to the legislation as it's in place.

**Mr. Norman W. Sterling:** Is there any kind of commitment on the part of the government to bring forward another amendment to the act in accordance with the Auditor General's wishes on this matter?

**Mr. Wayne Arthurs:** At this time, we want to withdraw this by voting against the schedule. I certainly can't commit the government, the minister, to bringing forward another piece of legislation, but it's clearly our intent to continue working with the auditor over the course of the summer to achieve a consensus with him so that whatever is brought forward is in accordance with his wishes.

**Mr. Norman W. Sterling:** So the Auditor General objects to the present legislation? Is that what you're telling me?

**Mr. Wayne Arthurs:** I'm saying that at this point in time we're recommending voting against it, withdrawing it from the legislation, so we can continue working with him.

**Mr. Norman W. Sterling:** What are you basing that recommendation on?

**Mr. Wayne Arthurs:** At this point, we don't have a consensus with the Auditor General with respect to the amendments to the legislation, and we want to ensure that he is comfortable with what we're doing so we can comply fully with our intent with the legislation, and that's to avoid any partisan government advertising.

**Mr. Norman W. Sterling:** So when you say that you don't have a consensus, you don't have his agreement.

**Mr. Wayne Arthurs:** Consensus, agreement; I think they mean the same thing between the parties.

**Mr. Norman W. Sterling:** Thank you.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, shall schedule 13, sections 1 through 5, inclusive, carry? All in favour? Those opposed? It is lost.

Shall schedule 13 carry? All in favour? Those opposed? It is lost.

Schedule 14: Sections 1 through 3 have no amendments. Shall they carry? Carried.

Shall schedule 14 carry? All in favour? Opposed, if any? Carried.

Schedule 15: Sections 1 through 4 have no amendments. Shall they carry?

**Mr. Norman W. Sterling:** No. Discussion.

**The Chair (Mr. Pat Hoy):** Discussion? Mr. Sterling.

**Mr. Norman W. Sterling:** I'd like to ask the government a question with regard to the interim allocation bill here. Last October, you obtained permission from the Legislative Assembly to write cheques out of the consolidated fund to the tune of about \$50 billion, \$56 billion, which presumably would take you to September, when the House is going to be sitting again. This particular interim allocation bill gives you spending rights up to about \$104 billion for this financial year. Your total budget has estimated expenses of \$108 billion. Why are you seeking this so early in the year and therefore avoiding debate later in the year, when we'll

have a better picture of where you're going to spend money, including those funds that are being held back by the finance minister—some \$3.2 billion, as shown in his estimates—as a contingency fund? We don't know where that money is going to go, nor do we have any idea about how this whole picture is going to unfold with regard to a later section in this bill, and that is dealing with the pension benefits guarantee fund.

Why are you seeking this at an unusual time? In fact, you sought this before we actually even received our estimates from the government. This bill was passed on second reading prior to, or almost coincident with, the date when we received the estimates books. Why are you looking for this, which is very unusual? Normally, governments seek the allocations or the right to write the cheques out of the consolidated revenue fund about when they need it, so why are you doing this when we're very early in the financial year? This is May; we're two months into the financial year, and you're seeking the right to spend \$104 billion of the \$108 billion as estimated in your budget.

0910

**Mr. Wayne Arthurs:** If you allow me, I'm going to take a minute or so just to confer with our staff.

We certainly want to make sure that the process over the course of the year runs smoothly. I think we've demonstrated over the past number of years that by being able to do the budgetary process early on in the year, it has allowed the province to understand where it stands in the context of the full-year expenditures and manage those expenditures in an effective and efficient way. It really is an effort to smooth out the process for us throughout the entire year.

If you want some more detail, I would take a minute or so and just confer with the staff who are here. If need be, we could have those folks from the ministry come forward and provide some greater degree of detail.

**The Chair (Mr. Pat Hoy):** Would you wait, Mr. Bisson, for them?

**Mr. Gilles Bisson:** Yes.

**The Chair (Mr. Pat Hoy):** All right. We'll have the staff come forward.

Just state your names for Hansard, if you would, and then you can begin with your answer.

**Mr. James Sinclair:** My name is James Sinclair. I'm a legal director at the Ministry of Finance.

I think the answer to the question is that the interim appropriation provision in schedule 15 is required so that the government has authority to spend the money set out there. It's subject, of course, to the estimates. It's my understanding that it has been done in the usual course. Would you add anything to that, Laura?

**Ms. Laura Hopkins:** My name is Laura Hopkins. I'm also a counsel with the Ministry of Finance.

The interim appropriation act authorizes spending in accordance with the estimates. The amount that's authorized is a portion of the amount that was authorized by the Supply Act last year. It is a form of interim supply, and the expenditures themselves can only be made in accordance with the estimates that are tabled.



**The Chair (Mr. Pat Hoy):** I had Mr. Bisson, and then I'll come back.

**Mr. Norman W. Sterling:** Yes.

**Mr. Gilles Bisson:** I have the same question that my colleague Mr. Sterling had, which is, why would you do this? Normally, the process is that you come before the assembly with interim supply, and at that point members of the assembly on all sides have a chance to see where things are and to raise whatever questions need to be raised in regard to the expenditures. So why do it this way? Are you not planning on coming forward with interim supply motions later this fall?

**Mr. James Sinclair:** I can't speak to what the government is planning in the future. I can only speak to the particular schedule in the Budget Measures Act.

**Mr. Gilles Bisson:** But is it the intent to have this in the act so that you don't have to have an interim supply motion later on this year?

**Mr. James Sinclair:** I don't believe so.

**Mr. Gilles Bisson:** In other words, yes, there will be interim supply?

**Mr. James Sinclair:** I can't say that, because I don't know the answer to that, Mr. Bisson.

**Mr. Gilles Bisson:** Did you have something to add?

**Ms. Laura Hopkins:** The interim appropriation act mechanism is a shift in the way the House manages interim supply. I believe that it was implemented last year, and I believe that the interim appropriation act replaces the interim supply motion that traditionally has been passed by the House.

**Mr. Gilles Bisson:** So my question to the clerk is that my understanding of the standing orders would be that as a result of this section of the act passing, we mean to say that as long as the expenditures are below the amount specified in this part of the bill, there'd be no interim supply motion needed.

*Interjection.*

**The Chair (Mr. Pat Hoy):** We'll hear from Mr. Sterling first.

**Mr. Norman W. Sterling:** Basically, my problem is with the procedure that falls out of doing this so early and not giving the members of the Legislature an opportunity to revisit what the government might decide to do, particularly with funds where there is a large line item in the estimates and there is no indication by the government what they're going to do with that money. Our chances of debating those particular estimates may be gone.

As the schedule of the estimates committee shows, I think the Minister of Finance is third up on the estimates list. If he's gone by that time—let's say he's gone by that time in September—and come October he starts to make some of this discretionary spending which he has given himself in the estimates, then our only opportunity to debate that will be the supply bill at the end of the fiscal year, which we're limited to two hours' debate for all members of the Legislature to be involved in.

I understand the technical part of the change from a supply motion to an allocation bill. That doesn't change

the intent or what's actually happening. I am just not aware of any time when a government has sought such an amount of supply at such an early time in the fiscal year, and that's my question: What are you trying to pull over on us here in terms of giving us a fair chance to debate and question the Minister of Finance about what's happening with regard to his fiscal policies as they develop during the year?

You know that many of the lines on the estimates have not millions of dollars but have hundreds of millions of dollars and billions of dollars, and those decisions have not been made yet with regard to where that money is going to flow to. The estimates say, "Here's a generic pot of money that we're going to spend," and the government hasn't delineated where, in that, say for instance the \$3.2 billion, those pieces are going to fall, and we won't have any chance in the Legislature effectively to debate that, to oppose it, to constructively say to the government, "You should do this or that with this particular money." So you're giving yourself carte blanche going forward with regard to what you might do. Even if they want to change the estimates, all they have to do is file supplementary estimates, and if we have already dealt with the finance minister in September and the supplementary estimates come out in October, we can't go back at him. He's done. He's out of there.

That's my concern. When you go for allocation so early in the day in the financial year, you're not really being fair with the process that we are stuck with after that allocation is made, that giving by the Legislature for the government to write cheques without our having any say with regard to where those cheques might go. So that's my objection to that.

**The Chair (Mr. Pat Hoy):** Mr. Arthurs.

**Mr. Wayne Arthurs:** Just to be clear, am I correct in understanding that this provision was in the legislation a year ago, that it's not particularly new to this year? I'm only saying that in the context of—I know Mr. Sterling wasn't at committee at that point in time, so I appreciate his raising it now, but it's not new and it doesn't seem to—if that's the case, I just need some clarity on that first. Is it a brand new provision that we have, or am I understanding that was a provision that was in the legislation last year as well?

0920

**Ms. Laura Hopkins:** The interim appropriation act dealing with the 2009-10 fiscal year was enacted in 2008. My understanding is that these provisions are being re-enacted in order to take into account a change in terminology so that the provisions address non-cash investments and changes in accounting terminologies by the crown.

**Mr. Wayne Arthurs:** The point, Mr. Chairman, if I could, is that it doesn't seem to have caused us difficulty in debate during the past year. It certainly wasn't a matter that was raised, particularly at the committee last year, nor did it seem to frustrate the Legislature during the course of its debates around expenditures throughout the 2008-09 period.

**Mr. Norman W. Sterling:** A brief response: Last year, your contingency fund was \$400 million for the province. This year it's \$3.2 billion. Therefore, your finance minister effectively has \$2.8 billion which he can spend willy-nilly going forward—not willy-nilly. He's not going to just spend it willy-nilly, but at his discretion or the government's discretion, without a comparable check. I don't know what happened last year in terms of the government bringing forward budget allocation bills and how early in the fiscal year they brought them. I do know that I asked finance staff this particular question on the briefing of this bill and they said to me that it was unusually early. That was not their language; that's my summation from their briefing. It was unusually early, to seek this much spending power this early in the fiscal year.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, we'll go back to schedule 15. Shall sections 1 through 4 carry? All in favour?

**Mr. Norman W. Sterling:** I want a recorded vote.

**The Chair (Mr. Pat Hoy):** A recorded vote has been requested. In that case, we'll vote on each section then. Schedule 15, section 1: Shall it carry?

#### Ayes

Aggelonitis, Arthurs, Lalonde, Pendergast, Sousa.

#### Nays

Arnott, Bisson, Sterling.

**The Chair (Mr. Pat Hoy):** So that section is carried. Schedule 15, section 2.

**Mr. Norman W. Sterling:** Same vote for these sections.

**The Chair (Mr. Pat Hoy):** A recorded vote for each one of these in schedule 15 has been requested then. That helps the Chair.

Schedule 15, section 2. All in—

*Interjection.*

**The Chair (Mr. Pat Hoy):** He asked for a recorded vote. I don't think he said "same vote." Did you say "same vote"?

**Mr. Norman W. Sterling:** Yes, same vote.

**The Chair (Mr. Pat Hoy):** Same vote. Agreed? All right then. I misunderstood. I thought you wanted a recorded vote on each one.

**Mr. Norman W. Sterling:** There is a recorded vote.

**The Chair (Mr. Pat Hoy):** It is now, yes, but not individually.

Shall schedule 15 carry? All in favour? Opposed? Carried.

**Mr. Norman W. Sterling:** Recorded vote.

**The Chair (Mr. Pat Hoy):** It's recorded, then, and it carried.

Schedule 16, section 1: There are no amendments to 1 through 4. All in favour? Opposed? Carried.

Shall schedule 16 carry? All in favour? Opposed? Carried.

Schedule 17, sections 1 through 3 have no amendments. All in favour? Opposed? Carried.

Shall schedule 17 carry? All in favour? Opposed? Carried.

Schedule 18, sections 1 through 2 have no amendments. All in favour? Opposed? Carried.

Shall schedule 18 carry? All in favour? Opposed? Carried.

Schedule 19: Sections 1 through 11 have no amendments. All in favour? Opposed? Carried.

Shall schedule 19 carry? All in favour? Carried.

Schedule 20: Sections 1 through 14 have no amendments. All in favour? Those opposed? Carried.

Shall schedule 20 carry? All in favour? Carried.

Schedule 21: Sections 1 through 2 have no amendments. All in favour? Opposed? Carried.

Shall schedule 21 carry? All in favour? Opposed? Carried.

Schedule 22: Sections 1 through 4 have no amendments. All in favour? Opposed? Carried.

Shall schedule 22 carry? All in favour? Opposed? Carried.

Now we are at PC motion number 1. It needs to be read into the record. Mr. Sterling.

**Mr. Norman W. Sterling:** This is an amendment dealing with and adding OMERS into the same category as the Ontario Teachers' Pension Plan and giving them both the right to manage other funds. That's the purpose of the section.

I move that the bill be amended by adding the following schedule:

"Schedule 22.1

"Ontario Municipal Employees Retirement System Act, 2006

"1. Section 29 of the Ontario Municipal Employees Retirement System Act, 2006 is repealed.

"2. Paragraph 3 of section 34 of the act is repealed and the following substituted:

"3. To exercise such other powers and perform such other duties as may be provided under sections 35.1 and 35.2."

"3. The act is amended by adding the following sections:

"Authorized subsidiaries of the administration corporation

"35.1(1) The administration corporation may incorporate or cause to be incorporated and may make and maintain an investment in one or more corporations that, after the investment is made, are authorized subsidiaries of the administration corporation.

"Other subsidiaries

"(2) Subsection (1) does not limit the authority of the administration corporation under subsection 35(1) to otherwise establish and invest in subsidiaries.

"Authorized subsidiary



“(3) For the purposes of this section, a corporation is an authorized subsidiary of the administration corporation if,

“(a) the corporation carries on business with a view to profit;

“(b) the business of the corporation is limited to providing one or more eligible services to one or more persons and entities described in subsection (6); and

“(c) the administration corporation has beneficial ownership of shares of the corporation representing more than 50 per cent of the shareholders’ equity of the corporation.

“Authority re investment entity

“(4) An authorized subsidiary of the administration corporation may, for the purpose of providing eligible services, incorporate, establish, manage or operate one or more corporations, trusts, partnerships or other entities as investment entities.

“Eligible services

“(5) For the purposes of this section, each of the following is an eligible service if it is carried out in compliance with all applicable laws:

“1. Providing advice to an administrator of a pension plan regarding the administration of the pension plan or the investment policies for the pension fund maintained to provide benefits in respect of that pension plan.

“2. Providing advice to a client on investing in, holding, buying or selling securities or other assets.

“3. Buying, selling, holding and managing investments for a client, with or without discretionary authority granted by the client to manage the client’s investment portfolio.

“4. Activities and services ancillary to the services listed in paragraphs 1 to 3, including,

“i. activities relating to the distribution or sale to clients of securities issued by an investment entity referred to in subsection (4), and

“ii. entering into derivative contracts in which the return is based in whole or in part on the performance of all or part of the pension fund maintained to provide benefits in respect of any of the OMERS pension plans or of any of the pension fund’s investments.

0930

“5. Providing administrative services to an administrator of a pension plan.

“Clients

“(6) An authorized subsidiary may provide services described in subsection (5) only to one or more of the following and only under an agreement authorized under section 35.2:

“1. The administration corporation.

“2. The administrator of a pension plan other than the OMERS pension plans, whether the pension plan is in or outside Canada.

“3. The government of Canada or the government of a province or territory of Canada or,

“i. a crown corporation, crown agency or wholly-owned entity of the government of Canada or of the government of a province or territory of Canada, or

“ii. a corporation established by federal or provincial statute.

“4. A municipal corporation or a municipal or public body performing a function of government in Canada.

“5. A board, within the meaning of the Education Act, or a school board or similar authority that operates under comparable legislation in another province of Canada.

“6. A college of applied arts and technology established under the Ontario Colleges of Applied Arts and Technology Act, 2002, a university that receives regular and ongoing operating funding from Ontario for purposes of post-secondary education or an educational institution in another province in Canada that receives regular and ongoing operating funding from the province.

“7. An educational institution outside Canada.

“8. An endowment fund for a university, college or educational institution referred to in paragraph 6 or 7.

“9. A registered charity within the meaning of the Income Tax Act (Canada).

“10. A national, federal, state, provincial, territorial or municipal government or in any jurisdiction outside Canada or any entity owned or controlled by that government.

“11. An investment entity referred to in subsection (4).

“12. A client or class of clients prescribed by the regulations or that satisfies conditions prescribed by the regulations.

“Investing in or through investment entity of authorized subsidiary

“(7) With the approval of the administration corporation, assets of a pension fund maintained to provide benefits in respect of any of the OMERS pension plans may be invested, directly or indirectly,

“(a) in an investment entity referred to in subsection (4); or

“(b) in an investment in which assets of an investment entity referred to in subsection (4) are also invested.

“Regulations

“(8) The Minister of Finance may make regulations,

“(a) prescribing clients or classes of clients for the purposes of paragraph 12 of subsection (6);

“(b) prescribing conditions that must be satisfied by a client or class of clients for the purposes of paragraph 12 of subsection (6).

“Authorization to provide eligible services

“Interpretation

“35.2(1) Expressions used in this section have the same meaning as in section 35.1.

“Agreements

“(2) If authorized by the sponsors corporation, the administration corporation may enter into agreements under which authorized subsidiaries of the administration corporation provide eligible services to clients.

“Transitional matters

“(3) The administration corporation itself may continue to provide eligible services to clients under agreements that were authorized by orders in council 808/80,

2211/95 and 368/2003, as those agreements read on the day this section comes into force and, for that purpose, the administration corporation has the powers of an authorized subsidiary under subsections 35.1(4), (5) and (7).

“Commencement

“4. This schedule comes into force on the day the Budget Measures Act, 2009 receives royal assent.”

**The Chair (Mr. Pat Hoy):** In the “agreements,” number 2, the second line, do you want to just clarify that that was “subsidiaries of the administration corporation”?

**Mr. Norman W. Sterling:** I agree. It was “subsidiaries.” I’m sorry; there’s a lot to read.

**The Chair (Mr. Pat Hoy):** I’m going to rule the motion out of order because it’s dealing with an item outside of the current act that we’re talking about today.

**Mr. Norman W. Sterling:** Could I ask for unanimous consent from the committee to include my amendment in this bill?

**The Chair (Mr. Pat Hoy):** Are we agreed? Agreed. Very good. Any comments on this motion? Mr. Bisson—

**Mr. Norman W. Sterling:** Well, perhaps I would just say that this amendment gives OMERS, this pension plan, which has demonstrated very, very good and prudent management over the last very troubled economic times, the same rights we have given to the teachers’ pension plan, to manage other pension plans on behalf of other groups of employees and employers. My belief is that by giving both of these very solid pension plan management teams the right to seek this kind of business, if you want to call it that, it would give a group of employees or employers together the right to choose two different kinds of managers. They could either pick the managers of the teachers’ pension plan or OMERS.

I’ve been a strong believer that there should be competition in the market. I believe that this is a good move forward. As well, because of the demonstration of their prudence in terms of managing their funds, I think it’s good for all people in our province that they and their employers who want to have this kind of management going forward have that opportunity.

**The Chair (Mr. Pat Hoy):** Thank you. I have Mr. Bisson and then Mr. Arthurs.

**Mr. Gilles Bisson:** Just for the record, I want to say that both ourselves, the New Democratic Party, and the Liberal caucus had basically the same amendment to put forward. I concur with the comments that were made by Mr. Sterling and I think there’s a lot to be learned by what the experience has been within OMERS, as far as being able to manage pension funds properly. We see this as a step forward in the ability of workers to get better pensions.

**The Chair (Mr. Pat Hoy):** Mr. Arthurs?

**Mr. Wayne Arthurs:** I look forward to supporting the amendment as brought forward by the Conservative caucus, by the opposition caucus. As well, it has been noted that the same amendment was submitted by all the parties.

I think we should take the opportunity to congratulate OMERS, for their work in bringing this to all of our attentions, and the work with ministry and legislative counsel in the assistance in drafting something that each of us felt very comfortable in bringing forward in a fashion that reflects the will of the Legislature and certainly the will of all three parties.

**The Chair (Mr. Pat Hoy):** Thank you. Mr. Arnott?

**Mr. Ted Arnott:** I want to congratulate Mr. Sterling for bringing this motion forward and I want to express my appreciation to the other parties for agreeing to support it as well. I think it’s certainly in the public interest that the teachers’ pension plan and the OMERS plan, both of which have shown resiliency through the years and through the turmoil of the capital markets that we’ve been experiencing recently—and I think it’s fair to say they’re two of the best-managed pension plans in the world. Certainly OMERS should be given the same opportunity to manage other pension plans, so I’m supportive of this as well.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Hearing none, shall schedule 22.1 carry? All in favour? Carried.

The next two motions in your package are out of order because they’re redundant because of the motion we just passed.

Schedule 23: Sections 1 through 16 have no amendments. All in favour? Opposed, if any? Carried.

Shall schedule 23 carry? All in favour? Opposed, if any? Carried.

Schedule 24, and we have an NDP motion on page 4, if you’d read it into the record.

**0940**

**Mr. Gilles Bisson:** I move that subsection 1(3) of schedule 24 to the bill be struck out and the following substituted:

“(3) Subsection 82(4) of the act is repealed and the following substituted:

“Loans and grants

“(4) If at any time the amount standing to the credit of the guarantee fund is insufficient for the purpose of paying claims, the Lieutenant Governor in Council shall authorize the Minister of Finance,

“(a) to make loans out of the consolidated revenue fund to the guarantee fund on such terms and conditions as the Lieutenant Governor in Council directs;

“(b) to make a grant to the guarantee fund out of money appropriated for that purpose by the Legislature; or

“(c) to make both loans under clause (a) and a grant under clause (b).”

The reason for that is fairly straightforward: We know that there are plenty of pension funds out there that have insufficient amounts of monies in order to guarantee the payment of pensions to workers. We’re seeing that across the province, where workers have worked for 30, 40 years in a particular place, and have themselves been paying monies out of their paycheques into these pension plans, along with the employers. For varying reasons, the



pension plans, because of decisions by the people who are managing them and others, have found themselves to be insufficient. So when they go before the pension guarantee fund, there's not enough money to offset their losses.

This would allow cabinet to decide to do one of two things: Either cabinet could make a short-term or a medium-term loan to the fund and/or the Legislature can decide to do some sort of a grant or a combination thereof, giving workers some way of being able to secure their pensions.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Mr. Arthurs.

**Mr. Wayne Arthurs:** Mr. Chairman, the government side won't be supporting the amendment. We think that the legislation as presented provides the right balance, with some flexibility for the Lieutenant Governor in Council to authorize a grant, if that be the case. The motion before us does read "shall authorize the minister." It obligates the government to do that, and we want to be clear in the legislation that the fund is to be a process funded through premiums and not by taxpayers. We think it has sufficient flexibility and the right balance as it is currently presented.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Mr. Arnott.

**Mr. Ted Arnott:** Thanks, Mr. Chairman. Just a question to Mr. Bisson and that is, in terms of the wording of the amendment, it would appear to me that the amendment, if passed, would certainly authorize the cabinet, by order in council, to make a grant to the guarantee fund, bypassing the Legislature. Is that correct?

**Mr. Gilles Bisson:** There are two provisions, with your permission, Chair. The first one is that under clause (a) it would allow the cabinet to make loans out of the CRF in order to secure the pension fund—the insurance fund, I should say. Or, if we wanted to give a grant, it would have to come before the Legislature, and the Legislature would have to make that decision.

**The Chair (Mr. Pat Hoy):** Mr. Sterling?

**Mr. Norman W. Sterling:** As I understand it, Mr. Bisson, your attempt here is to have the cabinet involved in the decision, rather than have the finance minister alone make the decision. Is that the thrust of your—

**Mr. Gilles Bisson:** Yes.

**Mr. Norman W. Sterling:** Okay. Therefore, I would support that, in terms of having a greater amount of prudence given to the process of the legislation as it now stands.

The legislation, as it now stands, says that the finance minister unilaterally, as an individual, has the right to write a cheque for as much as \$2 billion or \$3 billion. I believe that that should be a subject of a cabinet meeting, a cabinet minute and a cabinet decision. That's what Mr. Bisson is doing, and therefore I would support that.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Gilles Bisson:** Just one last comment, just for the government: They're saying this would obligate, which is what the parliamentary assistant said, the cabinet to do

whatever. It doesn't obligate them. It gives them the ability to. The cabinet, whoever is the government at the time, would have to make a decision. If a pension plan is insufficient and they were happy to go before the guarantee fund and make an application to the guarantee fund, it would be up to the cabinet to decide if they do so, and if it was a grant, to come before the Legislature. So it's permissive; it's not obligatory.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, I'll put the question—

**Interjection:** Recorded vote.

#### Ayes

Arnott, Bisson, Sterling.

#### Nays

Arthurs, Lalonde, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.

Now we have a PC motion on page 5 in your packet. Mr. Sterling?

**Mr. Norman W. Sterling:** This amendment attempts to do the same with regard to any kind of bailout for the pension benefits guarantee fund. Our position is that we would much rather see a loan to the company—

**The Chair (Mr. Pat Hoy):** Can you read it into the record?

**Mr. Norman W. Sterling:** I'm sorry; I'm just a little anxious, that's all. Thanks, Mr. Chair.

I move that subsections 82(5) and (6) of the Pension Benefits Act, as set out in subsection 1(3) of schedule 24 to the bill, be struck out and the following substituted:

"Grant to guarantee fund

"(5) Subject to subsection (6), the Lieutenant Governor in Council may authorize the Minister of Finance to make a grant to the guarantee fund out of money appropriated for that purpose by the Legislature if the amount standing to the credit of the guarantee fund is insufficient for the purpose of paying claims.

"Approval of grant by assembly

"(6) The Lieutenant Governor in Council shall not authorize the Minister of Finance to make a grant under subsection (5) unless,

"(a) the Minister of Finance has laid before the assembly a report setting out details of the proposed grant, including the proposed amount, the timetable for making the grant, the reasons the guarantee fund has insufficient funds to pay claims and the reasons why the minister proposes that a grant be made instead of a loan to the guarantee fund; and

"(b) the proposed grant is approved by resolution of the assembly."

**The Chair (Mr. Pat Hoy):** Now you may comment.

**Mr. Norman W. Sterling:** Thank you, Mr. Chair. This actually takes it even, I guess, a step further than Mr. Bisson's motion. It's not only saying that the cabinet must make the decision—and it's not a unilateral

decision on the part of the Minister of Finance—but it's also saying that the Minister of Finance must come forward with documents and that the assembly gets a chance—I mean, we are in a democracy. We are talking about perhaps \$2 billion or \$3 billion of expenditure. Our proposal would say, "Fine and dandy, as long as you come forward and pass a resolution in the assembly." The government has a majority. Presumably, it could carry any resolution, but it also gives the opportunity for the matter to be aired and discussed by all members of the Legislature before this huge cheque is written. So that's the thrust of the amendment.

**The Chair (Mr. Pat Hoy):** Mr. Bisson.

**Mr. Gilles Bisson:** Just a question to the mover of the motion. I would support the motion, but it would only call for the ability to give a grant, not a loan. Am I correct in understanding that? As I read your amendment, it occurred to me that—

**Mr. Norman W. Sterling:** The minister now has—from my understanding of the legislation, he already has the right to make a loan, so it wasn't necessary to include that portion.

**Mr. Gilles Bisson:** Okay. I understand. I was wondering why you did it that way.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Gilles Bisson:** I just want to say that New Democrats will be supporting this amendment. We see it as a step forward in dealing with a really serious problem that many workers in this province are facing. We all have them in our own constituencies; people have worked their entire lives and are finding out that once their pension plans have not been well-managed, they're in a position where they have to have reduced pensions as a result of, first of all, the Pension Benefits Act not providing the amount of insurance necessary. But even where that insurance is in place, often it means that the person will end up with far less money than they were entitled to in their pension. At least this would allow us somewhat to try to make those pensions whole, and I would support that. I see this as a step in the right direction.

**The Chair (Mr. Pat Hoy):** Thank you. Mr. Arthurs.

**Mr. Wayne Arthurs:** The government side won't be supporting the amendment. We're certainly satisfied that the current provisions, as envisioned, provide the opportunity for the Lieutenant Governor in Council to authorize the minister to act and that at the appropriate times, through supply and appropriations, the matters would be before the Legislature. As I said before, we want to be clear through the legislative process as well that this is a fund that is financed by the premiums and not directly by the taxpayers.

0950

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Mr. Bisson.

**Mr. Gilles Bisson:** It's unfortunate that the government is taking this position, because here we have an opportunity to help workers at this point who are going through some of the toughest times we've seen in the

history of Ontario, when it comes to people's pensions. I find it sad that the Liberal government is not seeing fit to support such a motion as this or the one that I previously put forward that would give workers some respite when it comes to having some security over their pension income. I would ask the government to reconsider.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? I'll put the question.

**Mr. Gilles Bisson:** Recorded vote.

#### Ayes

Arnott, Bisson, Sterling.

#### Nays

Aggelonitis, Arthurs, Lalonde, Pendergast, Sousa.

**The Chair (Mr. Pat Hoy):** The motion is lost.

Shall schedule 24, section 1, carry? All those in favour? Those opposed? The schedule is carried.

Schedule 24: Sections 2 and 3 have no amendments. All in favour? Opposed? Carried.

Shall schedule 24 carry? All in favour? Opposed? Carried.

Schedule 25: Sections 1 through 5 have no amendments. All in favour? Opposed? Carried.

Shall schedule 25 carry? All in favour? Opposed? Carried.

Schedule 26: Sections 1 through 19 have no amendments. Shall schedule 26, sections 1 through 19, carry? All in favour? Opposed? Carried.

Now we have a government motion on page 6 in your packet. Mr. Arthurs.

**Mr. Wayne Arthurs:** I move that paragraph 8 of subsection 143(1) of the Securities Act, as set out in subsection 20(8) of schedule 26 to the bill, be amended by adding at the end "other than the matters referred to in subsection 35.1(2)".

Mr. Chairman, if there are questions of a technical manner, certainly we'd ask the staff to respond accordingly with regards to this technical adjustment.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule 26, section 20, as amended, carry? All in favour? Opposed? Carried.

Shall schedule 26, section 21, carry? All in favour? Opposed? Carried.

Shall schedule 26, as amended, carry? All in favour? Opposed? Carried.

Schedule 27: Sections 1 through 8 have no amendments. Shall they carry? Mr. Sterling.

**Mr. Norman W. Sterling:** I'd just like to register the same comments as I made prior with regard to interim allocation. The government is seeking, with this particular schedule, the right to spend \$104 billion of \$108 billion of proposed expenditures. It's too early in the year



for this to happen, and therefore, we oppose this interim allocation bill at this time.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment?

**Mr. Norman W. Sterling:** I'd prefer a recorded vote.

**The Chair (Mr. Pat Hoy):** A recorded vote on the schedule or each section?

**Mr. Norman W. Sterling:** On all of it.

**The Chair (Mr. Pat Hoy):** So shall schedule 27, sections 1 through 8, inclusive, carry?

#### Ayes

Aggelonitis, Arthurs, Lalonde, Pendergast, Sousa.

#### Nays

Arnott, Bisson, Sterling.

**The Chair (Mr. Pat Hoy):** The section is carried.

Shall schedule 27 carry? All in favour? Opposed? Carried.

**Mr. Norman W. Sterling:** Can we have that as a recorded vote?

**The Chair (Mr. Pat Hoy):** Yes. Same vote.

Schedule 28: Sections 1 through 18 have no amendments. All in favour? Opposed? Carried.

Shall schedule 28 carry? All in favour? Opposed? Carried.

Schedule 29: Sections 1 through 5 have no amendments. All in favour? Opposed? Carried.

Shall schedule 29 carry? All in favour? Opposed? Carried.

Schedule 30: Sections 1 through 4 have no amendments. All in favour? Opposed? Carried.

Now we're on the government motion in your packet, number 7. Mr. Arthurs.

**Mr. Wayne Arthurs:** I move that clause 29.1(3)(a) of the Tobacco Tax Act, as set out in section 5 of schedule 30 to the bill, be struck out and the following substituted:

"(a) to a fine of not less than \$1,000 and not more than \$50,000 and an additional fine of not less than three times the amount of tax that would be payable under section 2 had the cigars or other tobacco been sold to a consumer liable to pay tax under this act; and"

**The Chair (Mr. Pat Hoy):** Comments? Mr. Arthurs.

**Mr. Wayne Arthurs:** Again, this was inadvertently left out in existing legislation when this was drafted, and it really is just ensuring that we have the penalty clauses in place.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Sterling.

**Mr. Norman W. Sterling:** I'm not opposed to it. Where did the numbers come from? Is it in keeping with some other legislation?

**Mr. Wayne Arthurs:** It currently exists in legislation, and when this was drafted, this paragraph that refers to the fines was inadvertently left out.

**Mr. Norman W. Sterling:** That's fine.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Opposed? Carried.

Shall schedule 30, section 5, as amended, carry? All in favour? Opposed? Carried.

Schedule 30: Sections 6 through 9 have no amendments. All in favour? Opposed? Carried.

Shall schedule 30, as amended, carry? All in favour? Opposed? Carried.

Schedule 31: Sections 1 to 3, inclusive, have no amendments. All in favour? Opposed? Carried.

Shall schedule 31 carry? All in favour? Opposed? Carried.

Now we'll go back to section 1. Shall sections 1, 2 and 3 of the bill carry? All in favour? Opposed? Carried.

Shall the title of the bill carry? All in favour? Opposed? Carried.

Shall Bill 162, as amended, carry? All in favour? Opposed? Carried.

Shall I report the bill, as amended, to the House. All in favour? Opposed?

**Mr. Norman W. Sterling:** Recorded vote.

#### Ayes

Aggelonitis, Arthurs, Lalonde, Pendergast, Sousa.

#### Nays

Bisson, Sterling.

**The Chair (Mr. Pat Hoy):** Carried.

We are adjourned.

*The committee adjourned at 1000.*

## CONTENTS

Thursday 14 May 2009

<b>Budget Measures Act, 2009, Bill 162, <i>Mr. Duncan</i> / <b>Loi de 2009 sur les mesures budgétaires, projet de loi 162, <i>M. Duncan</i></b> .....</b>	F-865
Mr. James Sinclair, director, Ministry of Finance, Ministry of Revenue legal services branch	
Ms. Laura Hopkins, counsel, Ministry of Finance, Ministry of Revenue legal services branch	

### STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

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F-34

F-34

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## **Legislative Assembly of Ontario**

First Session, 39<sup>th</sup> Parliament

## **Assemblée législative de l'Ontario**

Première session, 39<sup>e</sup> législature

# **Official Report of Debates (Hansard)**

**Thursday 24 September 2009**

# **Journal des débats (Hansard)**

**Jeudi 24 septembre 2009**

**Standing Committee on  
Finance and Economic Affairs**

**Comité permanent des finances  
et des affaires économiques**

**Organization**

**Organisation**

Chair: Pat Hoy  
Clerk: William Short

Président : Pat Hoy  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 24 September 2009

Jeudi 24 septembre 2009

*The committee met at 0915 in committee room 1.*

## ELECTION OF VICE-CHAIR

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. Good morning, honourable members. It is my duty to call upon you to elect a Vice-Chair. Are there any nominations?

**Mr. Charles Sousa:** I'd like to nominate Laura Albanese.

**The Chair (Mr. Pat Hoy):** Thank you. Are there any further nominations?

**Mr. Toby Barrett:** Chair, I nominate Peter Shurman.

**The Chair (Mr. Pat Hoy):** Oh, I failed to ask first. We'll get back to you.

Ms. Albanese, do you accept the nomination?

**Mrs. Laura Albanese:** I accept.

**The Chair (Mr. Pat Hoy):** Mr. Shurman, do you accept the nomination?

**Mr. Peter Shurman:** I accept the nomination.

**The Chair (Mr. Pat Hoy):** So we'll start the vote with the first person nominated, who is Laura Albanese. All in favour? Those opposed?

The majority vote has been put, and therefore I declare the nominations closed and Ms. Laura Albanese the new Vice-Chair of the committee.

We are adjourned for the day.

*The committee adjourned at 0917.*

## CONTENTS

Thursday 24 September 2009

Election of Vice-Chair ..... F-875

### STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

#### Chair / Président

Mr. Pat Hoy (Chatham–Kent–Essex L)

#### Vice-Chair / Vice-Présidente

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Mrs. Laura Albanese (York South–Weston / York-Sud–Weston L)

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Mr. Kevin Daniel Flynn (Oakville L)

Mr. Pat Hoy (Chatham–Kent–Essex L)

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F-35

F-35

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# Official Report of Debates (Hansard)

Thursday 1 October 2009

# Journal des débats (Hansard)

Jeudi 1<sup>er</sup> octobre 2009



## Standing Committee on Finance and Economic Affairs

Public Sector Expenses  
Review Act, 2009

## Comité permanent des finances et des affaires économiques

Loi de 2009  
sur l'examen des dépenses  
dans le secteur public

Chair: Pat Hoy  
Clerk: William Short

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 1 October 2009

Jeudi 1<sup>er</sup> octobre 2009*The committee met at 1401 in room 151.*PUBLIC SECTOR EXPENSES  
REVIEW ACT, 2009LOI DE 2009  
SUR L'EXAMEN DES DÉPENSES  
DANS LE SECTEUR PUBLIC

Consideration of Bill 201, An Act to provide for review of expenses in the public sector / Projet de loi 201, Loi prévoyant l'examen des dépenses dans le secteur public.

**The Chair (Mr. Pat Hoy):** The Standing Committee on Finance and Economic Affairs will now come to order. We are here for clause-by-clause consideration of Bill 201. Are there any comments?

**Mr. Paul Miller:** Just for the record, I'd like to say that we voted in favour of this today because we don't want to stand in the way of accountability and any investigations that may go on in reference to spending. I must say, with all due respect, that this bill is woefully underworded—it's got so many holes in it, it's worse than Swiss cheese—but I personally, like I said, didn't want to stand in the way of progress when it comes to bringing people on the carpet for explanations of why money is going where it goes.

I've got one amendment and the PCs have a few, which we will address as we go. When we get into the clause-by-clause, I have a couple of comments, but there's not really much to deal with, so I don't really have a lot to say.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Peter Shurman:** I'd like to say a couple of things about this. I found myself in the media conference called by Minister Duncan the day that he was revealing the problems in OLG that sparked the 24-hour-later appearance by Premier McGuinty to announce that he was going to bring legislation forward, to wit, this legislation.

I don't want to pursue debate in this forum. It's not the forum for it, and we've already had our say in the House. The fact of the matter is, what we're dealing with is a very short and, as my colleague from the NDP says, insufficient bill. So I'm hoping, as we bring forth a series of amendments on the part of the PC caucus here, that my colleagues from the other side understand that it certainly isn't accountability that we're against—we're screaming for it, God knows, in the House every day.

So while we've voted against this bill, we're putting forward amendments in the hopes that these amendments are seen for what they are, which is to add some precision to a bill that was hastily crafted, that at the end of the day brings something to this place that is clearly sorely needed. We feel that way, the third party seems to feel that way and clearly, by putting the legislation forward, the government feels that way. To that end, I hope they're taken in the spirit in which they're intended.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Wayne Arthurs:** Very briefly. Although I could make some generalized comments around the legislation, I think our interest here this afternoon collectively is to deal with the bill and certainly with the amendments that have been presented by the official opposition and the third party, and we will try to respond accordingly to the amendments in the hope of providing additional clarity as well. So we're anxious, I think, as the opposition is, to move forward with the bill and the amendments this afternoon.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Hearing none, we will move to the motions.

The first motion is an NDP motion. Mr. Miller, if you'd read it into the record.

**Mr. Paul Miller:** I move that the definition of "public entity" in section 1 of the bill be struck out and the following substituted:

"'public entity' means,

"(a) a body prescribed as a public body under clause 8(1)(a) of the Public Service of Ontario Act, 2006,

"(b) an agency, board, commission, corporation or other body designated as an institution under clause 60(1)(i) of the Freedom of Information and Protection of Privacy Act, and

"(c) a public entity prescribed under clause 10(1)(a)."

**The Chair (Mr. Pat Hoy):** Any comment?

**Mr. Paul Miller:** We feel that this entails more scrutiny on the part of the government and covers more areas that have been overlooked or omitted from this bill. We feel that this may close the gap on sections and probably do the government a favour and us all a favour by covering areas that aren't covered at this point. So we're hoping that the government will expand their coverage on who they'd like to be accountable.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Peter Shurman:** I have no objection to that amendment. Of course, you'll introduce one that we're bringing forward of our own.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Wayne Arthurs:** The challenge with the amendment, I think in part, is that just by a fairly quick analysis that ministry staff were able to do—and they're certainly here if need be on any detailed questions—it would add some 180-plus agency groups to the reporting mechanism through the Integrity Commissioner. Certainly at this stage that would be, I think, cumbersome from a logistical standpoint. The regulatory regime that will be in place, subject to the legislation being passed, would allow for the addition of agencies, boards and commissions beyond the 22 already designated for this particular purpose.

It would be my view generally that it's important that we get this process under way, that the rules become increasingly clear to those boards and agencies. But having said that, imposing a regime that would see the addition of 180-plus organizations reporting would be very, very cumbersome, and certainly some of the debate in the Legislature was around even the capacity of the Office of the Integrity Commissioner to manage the scale of work that might be envisioned.

**The Chair (Mr. Pat Hoy):** Mr. Miller.

**Mr. Paul Miller:** I appreciate the lead for the Liberals on his submission, but if you want a bill to be a bill and to be effective, it has to cover all agencies, all committees, all people who are in a position that could be questionable when it comes to finances. You don't want to pick and choose, cherry-pick, who you want to do.

I agree with you that 180 agencies would be extremely cumbersome, but you can choose so many a year; it doesn't have to be all 220 every year.

Why leave them out initially from being covered by the bill? You're going to have more meetings to reinstate or add people or agencies to this all along, which will become more bureaucratic red tape, more time, more money and a waste of taxpayers' dollars on bureaucrats, as well as politicians, trying to force more agencies to come under that umbrella. If you put them all under the umbrella at the beginning, you can pick and choose.

We are flexible. We don't expect you to do all 220 in one year, but you could certainly pick ones other than the ones that the government chooses. It probably would give the public a safe feeling if they knew that the opposition could occasionally pick an agency to look at without anyone preparing for it coming and basically not to catch them off guard, but be able to have accountability and openness that we could choose whatever it is—10, 20 or 30, whatever the committee chooses to do that year—and not add workload to the commissioner's office that would be unreasonable and would not work. I think this is what we mean by this. We're not expecting you to do them all.

1410

I hope that you're going to take this under consideration when this comes to a vote, because by only designating 20 or 22—I forgot the exact number—it doesn't cut it, because you yourself said there are 180 possibilities. So I don't think it's going to give the public

a warm feeling if you're only doing 22 out of 200-odd. Please take that into consideration, that you'd save the taxpayers a lot of money if you put them all under that umbrella now.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Opposed? The motion is lost.

Now we have a PC motion on page number 2 in your packet. Mr. Shurman, if you would read into the record.

**Mr. Peter Shurman:** I move that the definition of "public entity" in section 1 of the bill be struck out and the following substituted:

"'public entity' means,

"(a) a public entity prescribed under clause 10(1)(a); and

"(b) a public entity listed in schedule 1 to this act."

**The Chair (Mr. Pat Hoy):** Any comment?

**Mr. Peter Shurman:** I'll simply say that schedule 1 is 22 boards, agencies and commissions that are in a motion—since we're talking about a schedule that doesn't exist yet, there will be a motion moved that outlines specifically as schedule 1 the 22 aforementioned boards and agencies.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Mr. Arthurs?

**Mr. Wayne Arthurs:** The challenges in this particular amendment, I think, are a couple-fold. It would appear to reduce some capacity to have flexibility from a regulatory regime standpoint to be readily able to add additional bodies to this in an effective way. It may very well require a legislative amendment if, in effect, this is adopted and if the last amendment, I'll call it—the second-last, as the case might be—as proposed is adopted.

One of the other challenges in putting the names specifically in the legislation as opposed to doing it through the regulatory framework, as I understand it, would be that in the event some of the organizations have name changes, it may very well require one to come back and amend the legislation to bring those agencies in line with the legislation for reporting.

I only looked quickly at a couple on the last part of the amendment, just as examples only, but Ontario Power Generation—we all know from our history that old Ontario Hydro became two different organizations. If, in effect, Ontario Power Generation became a different organization, one would have to presumably amend the legislation to then bring it under the framework if it was done in this fashion in the legislation rather than by regulation.

**The Chair (Mr. Pat Hoy):** Thank you. Mr. Shurman.

**Mr. Peter Shurman:** With respect, the first part of this where we mention clause 10(1)(a) gives you powers that are as broad as the broad side of a barn to change and modify as you see fit, and that's already in there. All we're saying—and I mentioned this in my comments before we began the clause-by-clause—is that we want more precision. So the 22 named boards, agencies and commissions are simply referred to in our clause (b), and



it doesn't in any way limit the opportunity that you have to change, add, subtract, or whatever, by regulation anything as it comes along. So we're saying, "Be more specific." I don't see why you would have an objection to that. It helps you; it helps us.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Hearing none, I'll put the question: All in favour? Opposed? The motion is lost.

Shall section 1 carry? All in favour? Carried.

Shall sections 2 to 4, inclusive, carry? All in favour? Opposed? Carried.

We do have an amendment under section 5. The PCs, the official opposition, page 3. Mr. Shurman.

**Mr. Peter Shurman:** I move that section 5 of the bill be amended by adding the following subsections:

"Review and consultation

"(3) Before making a regulation under this section, the Lieutenant Governor in Council shall make its proposed regulation available to the public and shall provide members of the public with an opportunity to review the proposed regulation and comment on it.

"Same

"(4) The Lieutenant Governor in Council shall make the proposed regulation available to the public in the manner directed by the Integrity Commissioner."

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Peter Shurman:** A comment very simple and specific and repetitive—for further precision.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment?

**Mr. Wayne Arthurs:** It would be the government's position that our desire will be to follow the concurrent practice in the context of the regulatory approval process in ensuring that those regulations are part of the public record.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment? Hearing none, I'll put the question. All in favour? Opposed? It is lost.

Shall section 5 carry? All in favour? Carried.

There are no amendments to sections 6 or 7. Shall they carry? Carried.

Section 8, from the official opposition. Mr. Shurman, if you'd read it, please, page 4.

**Mr. Peter Shurman:** I move that subsection 8(5) of the bill be struck out and the following substituted:

"Advice

"(5) If the amount is not repaid or remedial action that the commissioner considers appropriate is not taken on or before the specified date, the commissioner,

"(a) shall advise the minister responsible for the public entity in question and the Premier of Ontario; and

"(c) may advise such persons as the commissioner considers appropriate in the circumstances, as to any matter that the commissioner considers appropriate in the circumstances."

**The Chair (Mr. Pat Hoy):** Comment?

**Mr. Peter Shurman:** I think it's pretty obvious we're talking about what's been the discussion in the House in the last couple of weeks: ministerial responsibility. The

government wants to place this in the hands of the Integrity Commissioner, and the Integrity Commissioner has to have some linkage back to the minister so that that ministerial responsibility can be fulfilled and can be seen to be fulfilled. That's the nut of this amendment.

**The Chair (Mr. Pat Hoy):** Thank you. Mr. Miller?

**Mr. Paul Miller:** I have no problem with this amendment. I think it also continues to bring more accountability and it also allows some flexibility for the commissioner to respond to the possible penalties or direction they may give in connection with the minister to go after the people who should be repaying or have been lax in their duty. I think this just keeps it in check and it allows a venue to question why it wasn't done. I think that's good for the public, to be able to have a way to go without having to be shut out.

**The Chair (Mr. Pat Hoy):** Thank you. Any other comment?

**Mr. Wayne Arthurs:** I appreciate what the official opposition is trying to achieve from their perspective in the context of higher levels of clarity and specificity, if I can call it that. My understanding is that to a large extent the Integrity Commissioner already has within the overall legislative framework the capacity to advise people of matters related to her jurisdiction, but I would think most specifically she has the capacity and role as an officer of the Legislature to report those matters back to the Legislature primarily through the Speaker in the fashion the Integrity Commissioner would deem fit under her jurisdiction. Thus, we're not supportive of the inclusion in the legislation of the naming of the Premier and/or a cabinet minister directly.

**The Chair (Mr. Pat Hoy):** Mr. Miller?

**Mr. Paul Miller:** Mr. Chair, I'd like to ask for a recorded vote on this one.

**The Chair (Mr. Pat Hoy):** A recorded vote is requested. Any other comment? We'll move to the vote then.

## Ayes

Miller, Shurman.

## Nays

Arthurs, Hoskins, Rinaldi, Sousa, Van Bommel.

**The Chair (Mr. Pat Hoy):** The motion is lost.

Shall section 8 carry? All in favour? Carried.

This is a new section 8.1. Mr. Shurman.

## 1420

**Mr. Peter Shurman:** I move that the bill be amended by adding the following section:

"No interference with commissioner's decisions

"8.1 Neither a minister nor the Premier of Ontario may overrule a decision of the commissioner made under this act."

If I may, I think the idea here is pretty obvious. It's to, again, demonstrate both to people who are involved and

the public at large that we're out of the realm of political interference. I'm not suggesting that there would be. I'm suggesting that we want the public to see that we aren't.

**The Chair (Mr. Pat Hoy):** Very good. Mr. Miller.

**Mr. Paul Miller:** I concur with his comments. I believe there should be no ministerial interference, and that goes for the Premier's office as well. Once the commissioner has made a decision—that's what they're paid to do—it's based on their best evidence they have in front of them and the best decision they will make. After all, it is their job to do that, and I don't think anyone above them should have the ability to reverse a decision. I will be supporting this, and I'm also asking for a recorded vote on this.

**The Chair (Mr. Pat Hoy):** Very good. We'll note that. Mr. Arthurs.

**Mr. Wayne Arthurs:** I think it's fair to say, Mr. Chairman, that in the context of the role of the commissioner and the capacity of either a minister or a Premier to overrule the commissioner, this side would be in agreement that in effect they do not have that responsibility. They cannot override the decision of the Integrity Commissioner. The Integrity Commissioner is responsible ultimately to the Legislature as a legislative officer.

Respectfully, there's no need for this inclusion. The capacity already exists in which the Integrity Commissioner can do his or her job and report accordingly through to the responsible body, being the Legislature. Neither the minister nor the Premier has that capacity currently, so to put an inclusion that said they can't override it would be redundant when in fact they do not have that authority.

**The Chair (Mr. Pat Hoy):** Mr. Miller.

**Mr. Paul Miller:** Could I possibly get the legal people to show me that and show me where it says that, that the Premier or cabinet cannot overrule an Integrity Commissioner's decision. I've never seen that.

**Mr. Wayne Arthurs:** Mr. Chairman, we do have Don Fawcett from the ministry here, and he'd be more than happy to provide whatever insight he has available to him or with him at this point, as the case might be.

**The Chair (Mr. Pat Hoy):** If you would identify yourself for Hansard first and then you can continue.

**Mr. Donald Fawcett:** My name is Donald Fawcett. I am counsel in the Ministry of Government Services.

The question I've been asked to address is where in the bill we could see that it's evident that the Premier or a minister can't override a decision of the commissioner made under the act. I think it's helpful to outline the framework of the act and understand what the commissioner can do and the accountability relationship as between the commissioner and people who are subject to the bill.

Under the framework, public entities that will be listed in the regulation are subject to the act. An expenses officer is designated for each of those public entities, and the expenses officer has the accountability relationship to the Integrity Commissioner. So that person is responsible

for providing the Integrity Commissioner with the expenses of all the people who are designated in the regulations under this act. The commissioner reviews those expenses against the standards that are set out in the regulation. If she has questions or concerns—if she wants to require someone to repay an expense, she'll make that direction back to the expenses officer in the particular agency subject to the act.

So under the act, if we take a look at one of the sections, you'll see it in subsection 8(2). You'll see that the commissioner, after her review, can do several things. She can notify the expenses officer—sorry, that's in respect of her review—of any matter she considers appropriate. If she finds that an expense is not allowable under the rules, she can direct the expenses officer to require that individual who filed that expense claim to repay it. She can also recommend remedial action.

So what happens then? The expenses officer directs the individual to repay the expense or they undertake the remedial action that the commissioner deems appropriate. Then the expenses officer is required to report back to the Integrity Commissioner as to whether or not the expense has been repaid or whether or not the remedial action has been undertaken. If an expense hasn't been repaid or remedial action hasn't been undertaken, that could be a matter that the commissioner addresses in her report. As I say, the relationship is between the expenses officer and the Integrity Commissioner.

**Mr. Paul Miller:** But that doesn't answer my question. Where does the ministry fit in to this situation? If they go through all those processes and don't get what they want, do they go to the ministry and then to the Premier's office for further direction on how to penalize or collect or do whatever they have to do? It does not say that in the bill. I asked you if there is anything presently in the legislation that allows the cabinet or the Premier to overrule a decision of the Integrity Commissioner.

**Mr. Donald Fawcett:** No, there is nothing in the bill that says—

**Mr. Paul Miller:** Not the bill, the legislation. Is there anything in the legislation that covers the ministry?

**Mr. Donald Fawcett:** If we're talking about a particular agency—

**Mr. Paul Miller:** I don't think I'm getting an answer here.

**Mr. Donald Fawcett:** I'm trying to answer your question with respect to the provisions of the bill. In the scenario I outlined, which is where—

**Mr. Paul Miller:** Actually, it's not what I want. The provisions of the bill are evident. I'm reading that, and I understand that. What I'm asking you is, can the Premier and the cabinet overrule the Integrity Commissioner? Can they step in if things aren't going right? You said that's the fact and I don't see that anywhere. I don't see it in this bill, and I don't see it in the legislation. You said it is there, it's a known fact. I don't see it. So I'm asking you, and you're not telling me.

**Mr. Donald Fawcett:** In this case, either the person repays the expense or they undertake the remedial action.



**Mr. Paul Miller:** Who takes the remedial action?

**Mr. Donald Fawcett:** If the commissioner requests that something happen in a particular agency by way of remedial action—perhaps she'll ask for special training to happen—

**Mr. Paul Miller:** Whatever.

**Mr. Donald Fawcett:**—then the expenses officer has to come back to the commissioner and say, “The expense was repaid” or “The expense was not repaid,” or “We took the remedial action” or “We didn’t take the remedial action.” That’s what I say is the accountability relationship.

**Mr. Paul Miller:** But could the ministry or the Premier step in at any given point and say, “That’s not necessary. You don’t have to go that route. We don’t need that”? All I’m saying is, could there be any interference from those two higher bodies with the Integrity Commissioner, who reports to cabinet, I’m sure. I’m asking. There’s nothing in the present legislation that says they’re not to touch it, is there?

**Mr. Donald Fawcett:** No, there’s nothing in the legislation that says the Premier—

**Mr. Paul Miller:** Thank you. That’s on record. Sorry to give you a hard time.

**The Chair (Mr. Pat Hoy):** Mr. Arthurs?

**Mr. Wayne Arthurs:** My comments were that it’s my understanding that there’s nothing in this legislation, this bill before us—

**Mr. Paul Miller:** That’s not what you said.

**Mr. Wayne Arthurs:** No, let me finish. I didn’t say there was anything in this bill, nor is there anything, to my knowledge, in this bill as such. I said the Integrity Commissioner reports to the Legislature. She’s an officer of the Legislature, not an officer of government. There is no provision for the minister or the Premier to override a decision of the Integrity Commissioner.

**Mr. Paul Miller:** I’ve asked to see that.

**Mr. Wayne Arthurs:** It does exist within her legislative framework as the officer, not within this bill. That already exists within her overall—

**Mr. Paul Miller:** Mr. Chairman, with all due respect, I’m not getting an answer, so I won’t ask any more. I’ll just have a recorded vote on this, please.

**The Chair (Mr. Pat Hoy):** Mr. Shurman?

**Mr. Peter Shurman:** The problem is that you’re asking us to take a lot on faith. You’ve just made a statement about what is in the legislation, and we put the legal expert up and he said, “No, it’s not in the legislation.”

This is a very simple request, and I would think you would be in favour of it: “Neither a minister nor the Premier of Ontario may overrule a decision....” You’re saying they can’t. Okay. So what’s wrong with the amendment? The amendment is just there for further clarity. I see no reason in the world why you and your colleagues shouldn’t vote for this. I see no reason in the world why the Premier wouldn’t be happy to have this particular phrase enshrined in the legislation itself.

**The Chair (Mr. Pat Hoy):** Mr. Arthurs?

**Mr. Wayne Arthurs:** A final comment: The Integrity Commissioner is an officer of the Legislature. That office is not an agency or an office of the government. In my view, it would be inappropriate to include in legislation, in essence, that anybody—minister or Premier—should be identified in that fashion as having a particular function when the Integrity Commissioner’s legislation establishes that that office is responsible to the Legislature as a whole—not government; all members of the Legislature. I think that the provision of her legislation precludes the override by a minister or the Premier.

1430

**The Chair (Mr. Pat Hoy):** Mr. Shurman?

**Mr. Peter Shurman:** One last thought on this: I hear what you’re saying, and I’d love to take it on faith; I’m quite sure you’re being sincere when you say it. Having said that, being on the opposite side on things—for example, freedom-of-information requests, which are supposed to be fulfilled within 30 days, but we’ve had experience and still are having experience where it’s months, sometimes eight or nine months, before something comes out—I can’t take it on faith that without this kind of specificity in a law we’re looking at enacting on Monday, we’re not going to have interference being run at the very least on anything that comes out of the Office of the Integrity Commissioner that might be unwanted in the public domain.

I see no reason why you would say no. It’s not about Premier McGuinty; it’s about anybody who becomes Premier of Ontario in the future. I should think we would all want that there.

**The Chair (Mr. Pat Hoy):** Mr. Miller?

**Mr. Paul Miller:** I concur. You’ve got a third party, the commissioner, who should not have to answer to anyone. The Integrity Commissioner is a self-entity through your description, and that means she should not have any interference from anyone—Premier, cabinet or the Legislature—when she makes a decision.

He or she reports to the Legislature on their final decision. Then, if all three parties vote on a change or amendment to the decision, it’s democratic. But if you’ve got just the government—one Premier and one cabinet—deciding what’s good for everybody, that’s not democratic. That’s my problem. So if they’re out of it, then they don’t have to worry about it. That’s where I’d like to see this go, but obviously it’s not going that way.

**The Chair (Mr. Pat Hoy):** Any other comment?

Hearing none, a recorded vote is requested.

**Ayes**

Miller, Shurman.

**Nays**

Arthurs, Hoskins, Rinaldi, Sousa, Van Bommel.

**The Chair (Mr. Pat Hoy):** The motion is lost.  
Section 9: A PC motion on page 6. Mr. Shurman.

**Mr. Peter Shurman:** I move that subsection 9(1) of the bill be amended by adding the following sentence at the end:

"The written report shall be made available to the public in such manner as the Integrity Commissioner directs."

**The Chair (Mr. Pat Hoy):** We're going to have to regroup. It's subsections 9(1), (2), (2.1), (2.2), (2.3).

**Mr. Peter Shurman:** What did I do?

**Interjection:** You've got the wrong one.

**Mr. Peter Shurman:** I've been given this one.

*Interjections.*

**Mr. Peter Shurman:** Hang on. I've got it. I've got the wrong package. Sorry.

**The Chair (Mr. Pat Hoy):** That's all right. We'll start again.

**Mr. Peter Shurman:** Strike the rest.

I move that the bill be amended by striking out subsections 9(1) and (2) and substituting the following subsections:

"Report to assembly

"9(1) Each year, the Integrity Commissioner shall give the Speaker of the assembly a written report about the commissioner's review of the expense claims of designated persons during the previous fiscal year.

"Same

"(2) The report required by subsection (1) shall include a full account of costs incurred by the Office of the Integrity Commissioner in carrying out the commissioner's duties under this act, including but not limited to reviewing expenses under this act.

"Same

"(2.1) The report required by subsection (1) shall be a special report that is distinct from the annual report referred to in section 24 of the Members' Integrity Act, 1994.

"Same

(2.2) The written report shall be made available to the public in such manner as the Integrity Commissioner directs.

"Same

"(2.3) In addition to making the annual report required by subsection (1), the Integrity Commissioner shall immediately inform the Legislature of all orders to individuals for the repayment of expenses not allowed and other remedial actions ordered by the Integrity Commissioner."

**The Chair (Mr. Pat Hoy):** Any comment?

**Mr. Peter Shurman:** No, it's self-evident.

**The Chair (Mr. Pat Hoy):** Mr. Miller?

**Mr. Paul Miller:** I don't have any problem with this. It's quite explicit. It basically says that the Integrity Commissioner can report to all the parties and people of interest, including the public, and what actions they'll take in reference to remedial actions they have ordered. Basically, it's keeping everything upfront, and all the actions taken by the Integrity Commissioner would not be in question because they would be a public document.

**The Chair (Mr. Pat Hoy):** Any other comment?

**Mr. Wayne Arthurs:** As the mover of the motion pointed out, the Integrity Commissioner already does provide a comprehensive annual report on those matters under her jurisdiction. The matter that's in consideration in this bill would be included within that annual report as a section of it. We don't see the need for a separate annual reporting of that nature. We feel it's certainly adequate, to say the least, to have that within her report.

From the standpoint of reporting the costs by the Office of the Integrity Commissioner, she, within her annual report, provides a complete costing analysis, and the Auditor General audits her financial statements. So we have in place the mechanisms already for both the provision to report, both fiscally and on the work in regard to this legislation, and the accountability measures through the Auditor General's office to audit the finances in respect to this matter.

There is another provision in the amendment that speaks to informing the Legislature immediately of all orders to individuals for repayment of expenses etc. There are two problems: One, obviously, is, if there were a number of those—and one hopes there isn't—it could be somewhat cumbersome as well to the Legislature.

Probably, for me, though, more important than that is that this speaks to "shall immediately inform the Legislature of all orders to individuals for the repayment of expenses not allowed." That's even prior to providing the window of opportunity to ensure the corrective action has been taken by the individual, who may inadvertently have made an expenditure they need to repay it and are quite happy to do that, but they will already have been reported to the Legislature for what might be inadvertence. That's a bit of an extreme situation, but it's one that could occur.

For those various matters, we're not in a position to support the amendment.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Miller?

**Mr. Paul Miller:** I'm disappointed with that response, actually. I think an annual report would eliminate repetition of the Integrity Commissioner doing only the 22 agencies that you've allotted so far. The other 180—we wouldn't want the same agencies being reported on every year within that 22 boundary. I'd like to see other agencies done.

You could red-flag problem agencies or problem ministries with this annual report if it was coming up and was becoming repetitious. Then you'd be able to address it better. Also, you would not be doing the same agencies every year—nice, cozy agencies that keep everything tight, neat and clean, when you can go to the other ones where there might be problems. There are, as you mentioned earlier, 180 other ones that could fall under this jurisdiction.

So I think this simply says that they'll report, and we—it gives us a record, in the opposition, to be able to know what ministries were inspected or what agencies were inspected the year before so that we don't do the same ones again. For instance, if 12 or 14 of them come



up squeaky clean and we do those 12 or 14 again, that's no good. How about the other 170? There may be problems there.

So I think that we're missing the boat again on this bill, and I'll be voting in favour of this amendment.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, I'll put the question. All in favour?

**Mr. Paul Miller:** Recorded, please.

**The Chair (Mr. Pat Hoy):** A recorded vote is requested.

### Ayes

Miller, Shurman.

### Nays

Arthurs, Hoskins, Rinaldi, Sousa, Van Bommel.

**The Chair (Mr. Pat Hoy):** The motion is lost.

Shall section 9 carry? All in favour? Carried.

Section 10: A motion on page 7, official opposition. Mr. Shurman.

**Mr. Peter Shurman:** I move that section 10 of the bill be amended by adding the following subsections:

"Same

"(3) In making a regulation under clause (1)(b), the Lieutenant Governor in Council shall ensure that an expenses officer with respect to an entity is a qualified individual who is not an employee of or an appointee to the entity.

"Same

"(4) In making a regulation under clause (1)(c), the Lieutenant Governor in Council shall ensure that the following are designated persons for each public entity:

"1. All members of the board of directors of the public entity.

"2. All members of senior management of the public entity."

My comments are brief. Again, this is for further clarity and for specifics.

1440

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Miller.

**Mr. Paul Miller:** Actually, I like this amendment because it mentions the word "qualified." Some agencies or some groups—it may not be a chartered accountant, and you don't want to put that person in a position where they would make a mistake and it would cost them or their organization dearly, so you want qualified, trained people to handle any inquiries about finances. I like this, and I think that also isn't spelled out in the bill, amongst a million other things, but that's besides the point. So I would definitely support this.

**The Chair (Mr. Pat Hoy):** Any other comment? Mr. Arthurs.

**Mr. Wayne Arthurs:** The challenges with this amendment are of this nature: The Integrity Commissioner's function is one to act to review those expenses as

a third party entity, separate from the work of the public sector body that they're reviewing. What this is asking for is to have the expenses officer not being an employee or not being an appointee to the entity. It would seem to me that what makes eminent sense is to have your expenses officer—your chief financial officer or an internal auditor—as part of the entity who is close to it, and having your commissioner as the third party review agent. This would, in effect, create not only the Integrity Commissioner as a third party review agent, but your actual expenses officer would be a third party review agent, and you would still have to do the internal work regardless.

On the second part of the amendment, it speaks to a couple of things. One of the objectives of the regulatory framework that is being put in place is to be somewhat strategic in naming the members of a senior management team. Just saying "all members of senior management of the public entity" doesn't give enough definition, frankly. It may be the top tier—the president, CEO, the vice-president or vice-presidents, if that's the case, the CFO—as examples only of the type of senior management, but simply the more generic statement "all members of the senior management team" would be much harder to define when you're looking at the number of agencies that are currently envisioned, let alone any expansion that might occur in addition to that.

Clearly, the objectives would be to ensure that members of the board, much like members of the Legislature or cabinet ministers, would be automatically included within that. I think the regulatory framework that's being put in place will allow us to be more strategic in that way, but equally and probably more importantly, having the expense officer as part of the entity allows them to do the work and have the Integrity Commissioner as that third party who is then reviewing that material outside of the entity and takes out a layer of almost a secondary bureaucracy which would be built into the legislative activity.

**The Chair (Mr. Pat Hoy):** Mr. Shurman.

**Mr. Peter Shurman:** I can't believe what I'm hearing. You people wrote the book on being foggy. This whole bill is foggy. This bill is like a press release; it's not like a bill at all, and you sit there and you say to us that you don't like the language "all members of senior management" because it's not specific enough; you can't define the team? Do an amendment to the amendment and tell us who you want, but don't sit there and say that this is not specific enough when you're putting a bill out in front of us that as unclear as what you're doing.

**The Chair (Mr. Pat Hoy):** Mr. Miller.

**Mr. Paul Miller:** I'll try to be a little more genteel, but the bottom line here is that I think that when you have a structure in place and you have financial officers of any company or any government body, mistakes can be made—obviously, we're human; we make mistakes. But people on the inside have a tendency to want to cover up their mistakes for fear of losing their job, for fear of incompetence and fear of retaliatory moves by either the

government or their minister. Having a third party do it clears them of all that. If the mistakes are made, the third party points it out, that being an auditor who has no loyalty to the government, the ministry or the group being investigated. This person can do an open audit. If it was an honest mistake, they'll point it out and it can be corrected. If it was a mistake that was trying to be covered up by whomever, then they'll point that out too. But I think having a person in your own organization answering on both sides of the fence is not the way to go, and I think that creates even more questionable conduct and even more questions from the public: "Oh, it's an inside job." I don't like this at all.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, all in favour? Opposed?

**Mr. Paul Miller:** Recorded, too.

*Interjection.*

**The Chair (Mr. Pat Hoy):** All in favour? Opposed? The motion is lost.

Shall section 10 carry? All in favour? Carried.

Section 11: Opposition motion, page 8.

**Mr. Peter Shurman:** I move that section 11 of the bill be struck out and the following substituted:

"Transition

"11. This act applies with respect to expenses claimed during the fiscal year beginning on April 1, 2009 and ending on March 31, 2010."

Comments—pretty obvious: The bill would have things reviewed starting in September, that is, the month that ended yesterday. If we're really going to be publicly accountable, let's be honest with the public and let's be honest with ourselves and let's not take out a piece of the year we're still in that is very germane to what's going on publicly and not start with the point at which we made great discoveries about the transgressions at OLG and so forth.

**Mr. Paul Miller:** I concur.

**The Chair (Mr. Pat Hoy):** Mr. Arthurs.

**Mr. Wayne Arthurs:** Just really two comments: The September date was chosen because it really was at that point where the Premier was able to be more explicit in respect to those expectations that would reflect the public sector as we understand it in this building, these buildings we're in. He was able, at that point, to be far more explicit in respect to what was allowable and not allowable. The legislation follows, really, on those announcements and on those statements, so it seems most appropriate for the legislation to be effective and reportable from that point in time.

Secondarily, I know that the mover of the amendment, when it was being drafted—it probably didn't come to their attention, but as the amendment is currently written, the legislation would be in effect from April 1, 2009 until March 31, 2010, and then would cease to exist. I'm sure that wasn't the intent in drafting the amendment, but that would be the effect if the amendment was adopted, and that's certainly not the government's intention. I don't believe it would be the opposition's intention either. I think that would be a drafting error.

**The Chair (Mr. Pat Hoy):** Any other comment? Hearing none, I'll put the question.

**Mr. Paul Miller:** Recorded, please.

**The Chair (Mr. Pat Hoy):** Recorded vote.

### Ayes

Miller, Shurman.

### Nays

Arthurs, Hoskins, Rinaldi, Sousa, Van Bommel.

**The Chair (Mr. Pat Hoy):** The motion is lost.

Shall section 11 carry? All in favour? Carried.

There are no amendments to 12 or 13. Shall those two sections carry? All in favour? Carried.

Opposition motion on page 9. Mr. Shurman.

**Mr. Peter Shurman:** I move that the bill be amended by adding the following schedule:

"Schedule 1

"The following are listed as public entities:

"1. Ontario Lottery and Gaming.

"2. Ontario Power Generation.

"3. Hydro One.

"4. Independent Electricity System Operator.

"5. Ontario Power Authority.

"6. Workplace Safety and Insurance Board.

"7. Liquor Control Board of Ontario.

"8. eHealth.

"9. Cancer Care Ontario.

"10. Ontario Infrastructure Powers Corporation (Infrastructure Ontario).

"11. Ontario Energy Board.

"12. Alcohol and Gaming Commission of Ontario.

"13. Ontario Financing Authority.

"14. Ontario Realty Corporation.

"15. Ontario Public Service Pension Board.

"16. Metrolinx.

"17. Ontario Human Rights Commission.

"18. Metropolitan Toronto Convention Centre Corporation.

"19. Ontario Educational Communications Authority (TVO).

"20. L'Office des telecommunications educatives de langue francaise de l'Ontario (TFO).

"21. Ontario Racing Commission.

"22. Ontario Clean Water Agency."

**The Chair (Mr. Pat Hoy):** Thank you. I'm going to rule the motion out of order. It was dependent on your first motion passing and it did not. It is out of order, but it is on the record. So there is no new section.

Shall the title of the bill carry? Carried.

Shall Bill 201 carry? Carried

Shall I report the bill to the House? Carried.

We are adjourned.

*The committee adjourned at 1450.*





## CONTENTS

Thursday 1 October 2009

<b>Public Sector Expenses Review Act, Bill 201, <i>Mr. Takhar</i> / <b>Loi de 2009 sur l'examen des dépenses dans le secteur publique</b>, projet de loi 201, <i>M. Takhar</i> .....</b>	<b>F-877</b>
Mr. Donald Fawcett, counsel, legal services branch, Ministry of Government Services	

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F-36

F-36

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**Official Report  
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(Hansard)**

**Thursday 19 November 2009**

**Journal  
des débats  
(Hansard)**

**Jeudi 19 novembre 2009**



**Standing Committee on  
Finance and Economic Affairs**

**Good Government Act, 2009**

**Comité permanent des finances  
et des affaires économiques**

**Loi de 2009 sur la saine  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 19 November 2009

Jeudi 19 novembre 2009

*The committee met at 0902 in room 151.*

**The Vice-Chair (Mrs. Laura Albanese):** Good morning, everyone. The Standing Committee on Finance and Economic Affairs is meeting this morning for the purpose of public hearings to consider Bill 212, An Act to promote good government by amending or repealing certain Acts and by enacting two new Acts.

## SUBCOMMITTEE REPORT

**The Vice-Chair (Mrs. Laura Albanese):** The first item on our agenda is the approval of the report of the subcommittee on committee business. I would ask a government member to read that into the record.

**Mr. David Zimmer:** Thank you, Madam Chair.

Your subcommittee met on Tuesday, November 17, 2009, to consider the method of proceeding on Bill 212, An Act to promote good government by amending or repealing certain Acts and by enacting two new Acts, and recommends the following:

(1) That the committee hold public hearings in Toronto on Thursday, November 19, 2009, pursuant to the time allocation motion.

(2) That the committee clerk, in consultation with the Chair, post information regarding public hearings on the Ontario parliamentary channel and the committee's website.

(3) That interested parties who wish to be considered to make an oral presentation contact the committee clerk by 5 p.m. on Wednesday, November 18, 2009.

(4) That the committee clerk schedule all witnesses on a first-come, first-served basis.

(5) That all witnesses be offered 10 minutes for their presentation, and that witnesses be scheduled in 15-minute intervals to allow for questions from committee members if necessary.

(6) That the deadline for written submissions be 5 p.m. on Monday, November 23, 2009.

(7) That the research officer provide a summary of the oral submissions by 5 p.m. on Monday, November 23, 2009.

(8) That amendments to the bill be filed with the clerk of the committee by 12 noon on Tuesday, November 24, 2009, pursuant to the time allocation motion.

(9) That the committee meet on Thursday, November 26, 2009, for clause-by-clause consideration of the bill, pursuant to the time allocation motion.

(10) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

Thank you, Madam Chair.

**The Vice-Chair (Mrs. Laura Albanese):** Shall it carry? Carried.

## GOOD GOVERNMENT ACT, 2009

LOI DE 2009 SUR LA SAINE  
GESTION PUBLIQUE

Consideration of Bill 212, An Act to promote good government by amending or repealing certain Acts and by enacting two new Acts / Projet de loi 212, Loi visant à promouvoir une saine gestion publique en modifiant ou en abrogeant certaines lois et en édictant deux nouvelles lois.

COMMISSION COUNSEL  
AND RESEARCHERS

**The Vice-Chair (Mrs. Laura Albanese):** We will now call upon our first deputant, representing commission counsel and researchers.

*Interjection.*

**The Vice-Chair (Mrs. Laura Albanese):** I believe we will get to you at 9:15.

**Mr. Ken Koprowski:** I thought you were calling me first.

**The Vice-Chair (Mrs. Laura Albanese):** No problem. If you could please sit back in the audience for the time being, we would appreciate that.

Good morning. I would like to welcome you to our committee and ask you to state your name for the purposes of Hansard. You will have up to 10 minutes for your presentation. After that, the official opposition will have up to five minutes for questions.

**Ms. Freya Kristjanson:** Thank you, Madam Chair and members of the committee. My name is Freya Kristjanson. I'm a partner with the law firm of Cavalluzzo Hayes. With me today is Brian Gover, who is a partner with the law firm of Stockwoods LLP.

We appear before you today on behalf of a number of lawyers and legal academics who have been involved in virtually every provincial, federal and municipal public

inquiry that has affected the people of Ontario over the past decade. Significantly, our experience includes acting as commissioner counsel; that is, the lawyers who assist the commissioner, usually a judge, in conducting the inquiry. Our concern is that a number of the proposed amendments compromise the independence of commissioners and the usefulness of public inquiries.

We cannot and do not speak for the judiciary or individual judges. However, given our experience, we have a particular concern that sitting judges will not be able to assume the role of commissioner under the proposed terms of the new Public Inquiries Act. This, we submit, would be a significant loss for the people of Ontario.

As the committee members will be aware, public inquiries are an important part of the legal and political fabric of this province. Indeed, they take place at the intersection of law and politics. Commonly, they are established in the aftermath of a tragedy or scandal, usually with political implications, where the public's confidence or trust in political institutions or officials has been shaken. The normal institutional responses are seen as inadequate, and governments react to public pressure by creating an independent, credible inquiry to investigate and report on what happened, and to make recommendations to prevent a recurrence. They can include both fact-finding and public policy formulation mandates. Increasingly in Ontario, public inquiries like Walkerton, Ipperwash and the pediatric forensic pathology inquiry have such dual mandates.

Public inquiries play a valuable role in restoring public confidence, ensuring accountability and proposing reforms for the future. But it is the independence of the commissioners of public inquiries that creates the conditions for the restoration of public trust and confidence. Without public confidence in the commissioner's findings and the process employed in reaching them, there can be no public acceptance of the commissioner's recommendations to address the tragedy or other matter of public concern that led to the commission's creation.

#### 0910

There is some debate as to whether sitting judges should serve as commissioners of public inquiries. Conducting a public inquiry is not part of the judicial role, nor does it involve judicial duties. The creation of an inquiry is an act of the executive, and a judge who carries out an inquiry is serving a function of the executive. The judge, as commissioner, does not adjudicate on criminal or civil liability; the findings or recommendations have no legal effect. The judge instead fulfills a function usually carried out by investigators or committees like this one. Yet the people of Ontario have an interest in ensuring that the Legislature does not amend the Public Inquiries Act to prevent judges from assuming the role of commissioner. Indeed, having judges as commissioners is so commonplace in Ontario that "judicial inquiry" is synonymous with "public inquiry" in common discussion.

So how, then, would the new act compromise the independence of commissioners? First, it expressly author-

izes the executive, through simple order in council, to vary the inquiry's terms of reference while the inquiry is under way; when the commissioner is investigating potentially embarrassing affairs of government. That power exists now. The difference is that this Legislature is contemplating providing statutory authorization, thereby diminishing the extraordinary nature and political accountability for such action on the part of the executive, which is often the very party being investigated. There is and should remain a political price to pay for pulling the plug on a public inquiry.

**Mr. Brian Gover:** In our experience, when a judge is asked to act as a commissioner, he or she is given an opportunity to comment on the proposed terms of reference. This occurs at a very early stage, one at which the commissioner and commission counsel will likely have an understanding of the larger issues but have not yet begun the investigation. How the inquiry will be conducted, its scope and the process to be employed depend on the commissioner's best judgment, perhaps assisted by commission counsel. Vital decisions are made at that early stage, decisions that can impact on the public's perception of the commission's ability to get to the bottom of the matter. Mandatory reporting dates pre-determine time limits on phases of the inquiry, and an unconstrained ability on the government's part to revise the inquiry's terms of reference at any time, all of which are in this new act, limit the commissioner's ability to design and conduct the inquiry as the circumstances require. The proposed act would diminish their ability to negotiate appropriate terms for the order in council creating the commission of inquiry.

Another significant limit is the ability of the Lieutenant Governor in Council to limit or indeed prohibit public hearings but call it a public inquiry anyway. False advertising aside, our point is that transparency enhances public confidence in the proceedings of a truly public inquiry. The public hearings have an educative and cathartic effect which is important in restoring public confidence. As with any transparent process, there is a concomitant increase in accountability. The fundamental presumption should be openness; confidentiality concerns can always be accommodated where appropriate in a public inquiry.

The decision to call a public inquiry entails a public process based on public hearings, and that is central—we emphasize, that is central—to the history of public inquiries in Ontario and in Canada. Without the requirement that inquiries under the act take place in public, there is no need for a public inquiry at all; the government can simply rely on internal investigations or reviews, as it stands now—and of course the government did that in the case of the SARS commission, which was constituted under section 78 of the Health Protection and Promotion Act and conducted by Justice Archie Campbell, but that was not a public inquiry nor was it called one.

An alternative is the federal model under which departmental reviews, and not public inquiries, are



provided for in a separate part of the federal Inquiries Act.

Committee members, we have detailed our concerns in the brief that is being distributed to you. Our brief includes proposed amendments that would address the judicial independence and procedural fairness concerns that we have raised. Overall, this act is highly and, we say, unnecessarily prescriptive.

The current act and successive public inquiries have served the people of Ontario well. Time has not stood still. Over the past decade, commissions of inquiry have designed and implemented significant innovations that have enhanced the ability of inquiries to inform the public and get to the bottom of an issue in a fair and expeditious way. These innovations include calling panels of witnesses; appointing fact-finders; appointing amicus curiae; requiring the parties to prepare institutional or other reports; and using commission dossiers, or overview reports, vignettes and critical episodes as a means of explaining what happened. They are set out in the process chapters of various commission reports.

These innovations also provide a defence against the two enemies of every public inquiry: cost and delay.

**The Vice-Chair (Mrs. Laura Albanese):** I must warn you that you have about 30 seconds to wrap up the presentation.

**Mr. Brian Gover:** I'm going to hit that target right on, Madam Vice-Chair.

Of course, those enemies stalk a public inquiry from the moment the ink is dry on the order in council. Importantly, these innovations to which I've referred have come about at the discretion of the commissioner and not at the discretion of the executive.

If schedule 6 to Bill 212 is enacted in its present form, it will create more problems than it solves and will likely end the long tradition of public inquiries that have served this province so well.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for your presentation. Now the official opposition has up to five minutes for questions.

**Mr. Peter Shurman:** Thank you very much, Chair. Interesting presentation, and thank you for coming forward this morning. What you have to say echoes concerns that we in the opposition have, as a matter of fact. I'm interested in you expanding on the issue of scope, because I think that's where the crux of this element of the bill lies.

If you had the choice to make, would you change anything at all about the way public inquiries are constructed at present?

**Ms. Freya Kristjanson:** Our position is no, that the very short, six-page Public Inquiries Act has provided the ability for commissioners to properly inquire into all issues thoroughly and fairly. They have developed modern techniques and have been able to deliver on that expeditiously. Judges, when they sit as commissioners, require that discretion to pursue that which is entrusted to them. The problem is that this act attempts to set it out as a legislative direction and invests too much power in the

executive. Our collective recommendation is that the existing Public Inquiries Act is sufficient.

**Mr. Peter Shurman:** Thank you for that. Let's delve a little bit into scope before I pass to my colleague.

If you take a look at a current-day example, we in the opposition are pressing for a public inquiry into eHealth, to expand on what the Auditor General has had to say. At the risk of sounding like I'm politicizing this beyond the scope of what we normally do, I think it's fair to say all oppositions are always demanding public inquiries of one sort or another, so I'll put that on the record. But having said that, we'd like to have that. Under this act, if I'm interpreting it correctly—I'd be interested in your comments on this as well—the setting of the scope, because of the more restrictive elements of this act, would make it possible, for example, for the Premier to say, "There will be a public inquiry into eHealth; it will last two hours; it will be in this room; there will be two deputations; they will be from these two deputants," and that's the end of it. Am I interpreting this correctly?

**Ms. Freya Kristjanson:** That's correct. More importantly, during the course of that two hours, if the Minister of Health was next called to testify, an order in council could simply terminate it at that point, immediately before, for example, the minister was called.

**Mr. Peter Shurman:** Then if I characterize this as highly objectionable, from your perspective, that would be a good synopsis?

**Ms. Freya Kristjanson:** That is a fair synopsis.

**Mr. Brian Gover:** Yes.

**Mr. Peter Shurman:** Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** You have up to five minutes.

**Mr. Peter Shurman:** I realize that, but I have all I need.

**The Vice-Chair (Mrs. Laura Albanese):** Okay, thank you very much. Thank you for your presentation.

**Ms. Freya Kristjanson:** Thank you.

0920

#### ONTARIO DEPUTY JUDGES ASSOCIATION

**The Vice-Chair (Mrs. Laura Albanese):** We now call up our next deputant, from the Ontario Deputy Judges Association.

**Mr. Ken Koprowski:** Thank you, Madam Vice-Chair.

**The Vice-Chair (Mrs. Laura Albanese):** Again, you have up to 10 minutes for your presentation. After that, the third party will have up to five minutes for questions, if they so wish. We ask you to state your full name into the record for the purposes of Hansard.

**Mr. Ken Koprowski:** Thank you, Madam Vice-Chair, and members of this committee. My name is Ken Koprowski, and I appreciate very much the opportunity to make these submissions to you.

Just by way of introduction, in case you're wondering who this short, plump, bald headed fellow in front of you is and why you should be listening to him, I have been a

deputy judge since 1994. I was appointed first in the northwestern judicial district of Ontario—there are eight of those in Ontario—and I was sitting in Fort Frances, Dryden, Kenora and Thunder Bay. I moved back down to southern Ontario and I was appointed to the southwest region as a deputy judge in 1996.

I've been a member of the board of directors of the Ontario Deputy Judges Association since June 2008. We represent approximately 408 deputy judges throughout all eight judicial regions of the province.

What is this association? The association has represented its members—deputy judges—in Superior Court proceedings in the past, and those proceedings, you may know, resulted in greater recognition of the work of deputy judges, a significant increase in their per diems and the establishment of a commission to review the per diems every three years.

What we are seeking in this presentation is that the implementation of the proposed amendment in Bill 212 to section 32 of the Courts of Justice Act—and you have that in front of you, or you should have that in front of you; the amendments we're focusing on are the ones in bold on pages 3 and 4 of that handout—be delayed because it relates to the age provisions and the appointment and reappointment of deputy judges, and we ask that it be deferred until there is meaningful and serious consultation with the Ontario Deputy Judges Association and the Attorney General's office. There has been none so far with the Ontario Deputy Judges Association on those amendments.

In the records of Hansard for November 4 of this year, the Honourable Jim Watson, Minister of Municipal Affairs and Housing, stated: "This is a government that takes consultation very seriously." We just ask you that you give legitimacy to that statement, presumably made on behalf of the entire governing party.

To the effect of the amendment, you have to know what the current law is, and it's very simple: Subsection 32(1) of the Courts of Justice Act states that the senior regional judge can appoint a lawyer as a deputy judge for three years—easy; simple. Subsection (2) says that the senior regional judge can reappoint a deputy judge for three years—easy; simple; nothing more, nothing less. Note the significance of that. There is no reference in the current section to a deputy judge's age, either for appointment or for reappointment. That is to be contrasted with the provision in Bill 212 that proposes to amend section 32. In effect—and you have section 32 in front of you, and I've put it in bold—shortly stated, there can be an appointment for three years, but the initial three-year appointment and reappointments are subject to a deputy judge's age, or a lawyer's age when they're applying for appointment.

If a judge is 65 years of age or older or less than 75, the appointment is for one year. There's no limit on the number of reappointments, but there's no guarantee that the deputy judge will be reappointed. If the deputy judge is 74 years of age or older, his or her appointment will be only until that person reaches age 75. Similarly, if a

judge is 63 to 65 years of age, the appointment expires when she or he reaches 65 years of age. Then, once a person is 75, they can't be appointed at all. There's a problem there that you might not be aware of.

Among other things, no reasons have to be given by the senior regional judge for refusing to appoint or reappoint a deputy judge. Also, there is no mechanism for that person to challenge or contest that decision of the senior regional judge. When I think of what went on with Justice Paul Cosgrove, this is the total antithesis of that procedure. There is no mechanism to contest it.

Here's the position of the Ontario Deputy Judges Association: On the proposed age limitations for the appointment or reappointment of deputy judges, the association believes that it is simply wrong to mandate that a person be retired without cause for age reasons alone, without due regard for the capacity of that person. This is clearly discrimination based on age. It is fundamentally wrong. It ignores individual abilities and is unacceptable. We do not believe that, simply because of a person's age, he or she should be forced to retire. If he or she is mentally and physically fit, a deputy judge should be able to continue to work. The administration of justice, I submit to you, does better in a system that has experienced judges who are willing and able to serve.

The enactment of this amendment will result in the loss of experienced and committed deputy judges at a time when we need them the most. Why do we need them the most now? Come January 1, 2010, this government has decided that the monetary jurisdiction of Small Claims Court will be increased to \$25,000 from \$10,000. That's okay. We don't have a problem with that. We can handle that. We're good. We're very good. We can do this. But we anticipate, among other things, that the increase in jurisdiction will result in more cases being commenced in our court, which already handles 70% to 80% of the civil actions in this province.

The increase in jurisdiction will inevitably result in more complex issues; increased representation of the parties, either by paralegals or by lawyers; and, therefore, longer trials—and this is significant—and the real likelihood of multiple-day trials. It is the senior, more experienced retired or semi-retired persons who will have the time to do this, because you have to understand the makeup of Small Claims Court. We are not like ordinary courts. We don't have full-time judges as the Superior Court does or as the provincial court does or the Family Court. We don't have that. The Small Claims Court judiciary is unique because it is made up of per diem, part-time judges drawn from the volunteer ranks of senior lawyers, along with some—and this is critical—retired Superior Court justices who have been reinstated as lawyers.

On the other hand, when you think of a lawyer who's appointed and has a busy practice, many lawyers—certainly speaking for the southwest region in London—in London will not do out-of-town trials. They will not do multiple-day trials because they have a busy practice, and they're going to make more at that than the \$528 per diem that they get as a deputy judge.



On the other hand, the semi-retired lawyers or former judges who fall into the 65- to 75-year-old range do have the time to preside at multiple-day trials, yet it is precisely those deputy judges who are at risk of losing their appointments if this amendment goes through. Not only do they have the time, members of this committee, but they have the experience to handle cases of that magnitude. They've been there. They've done that. It takes a long time to train a less-experienced deputy judge in all the areas of the law that our court deals with, and it deals in all areas of the law, except criminal matters, and certainly it takes more than one year to train them.

**The Vice-Chair (Mrs. Laura Albanese):** I just would like to let you know that you have less than two minutes to conclude.

**Mr. Ken Koprowski:** All right. What we're saying is, we need those experienced deputy judges, yet there's a risk of losing them. In the southwest region alone, we would lose, if this enactment went through, seven deputy judges right off the bat, two of whom are retired Superior Court justices. We would lose them and the possibility of 10 others who are in the 65-to-75 range. That is 30% of the 55 deputy judges in the southwest region, but those are the experienced people that we need.

All we're asking, Madam Vice-Chair, is this—it's simple; the request is simple: Delay the implementation of the amendment to section 32 in Bill 212 until there is a serious and meaningful dialogue with our association. No one has spoken to us about that, yet we're the ones most directly affected by this amendment. Something is wrong with this picture. That's all we're asking for. We're not contesting any of the other amendments to the Courts of Justice Act in Bill 212—just that. But dialogue with us, because there are real problems in it.

We have made recommendations to the deputy judges committee on what factors should be considered in reappointments. We have had no feedback, but we've got a lot to suggest.

0930

Madam Vice-Chair, just delay the implementation and give us the consultation that the Honourable Jim Watson said this government will give.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much for your presentation. The third party now has up to five minutes for questions.

**Mr. Michael Prue:** I think you think far too much of some politicians. This bill is being rushed through—rushed; closure was invoked; we're having truncated hearings; we're being forced to decide on it next week. It's going to be pushed before the Parliament and the Legislature before the recess and enacted in January. That's the whole scenario here. Would it not be better, given the rush that this government is in to pass Bill 212, to simply delete the sections related to age and not have the consultations?

**Mr. Ken Koprowski:** That would be the ideal situation, but we like to appear as being reasonable, Madam Vice-Chair, and we like to at least—when I say “we,” I mean the Ontario Deputy Judges Association—we'd like

to appear to be reasonable and say, “Look, okay, there may be cause for this, but maybe not exactly in this way.” We can make recommendations; we can even suggest that after 75 there be one-year appointments with consideration of the abilities. But the ideal, of course, is that we get rid of that section altogether. I wasn't authorized to promote that as opposed to the consultation process. We still want that. We're ignored. The Holloway report—I don't know if you're familiar with the Holloway report—states that this court does not get the respect that it's due, and all we want is someone to talk to us because we're the ones directly affected. So, sir, that's a long-winded answer for saying, “Yes, you're right. We'd like it out of there,” but if it's not out of there, delay its implementation or make it a separate amendment to the Courts of Justice Act and not included in this omnibus bill.

**Mr. Michael Prue:** I'm in total agreement. I just want to ask you a question on the constitutionality of forcing people out of office. There was a whole debate in the Legislature some time ago about allowing people to work beyond 65, and I remember every single Liberal voting in favour of that.

**Interjection:** We did?

**Mr. Michael Prue:** Absolutely, and yet we have this, that although it allows for it, it certainly limits the ability of people to work beyond 65. Is there a constitutional argument? I certainly think it runs contrary to what was said in the Legislature.

**Mr. Ken Koprowski:** Certainly there is an incongruity there; there's no question about it. Now, to answer your question about the constitutionality: We were made aware of this bill only two weeks ago. In fact, we didn't even know of these hearings until 10 days ago. We immediately contacted our council to do research on that very issue, sir, and in the time that we've had, we don't have a response yet. I tend to think there is, but I'm not going to go beyond that because I don't want to say something that's incorrect and might be considered misleading this committee. I think there is, but we have to wait for our own council to provide us with their opinion.

**Mr. Michael Prue:** Thank you very much.

**The Vice-Chair (Mrs. Laura Albanese):** And thank you for your presentation and for your answers.

**Mr. Ken Koprowski:** Thank you for listening.

## ONTARIO NONPROFIT NETWORK

**The Vice-Chair (Mrs. Laura Albanese):** We now call Ontario Nonprofit Network. Good morning.

**Ms. Lynn Eakin:** Thank you very much for hearing us today. I'm Lynn Eakin. I'm here representing the steering committee of the Ontario Nonprofit Network. I'm pretty sure you probably haven't heard of us. We've been organized now for 18 months, and we have a network going now across the whole of the non-profit sector. So we're talking a sector of over 45,000 organizations representing \$47 billion in revenues every

year and employing about 15% of the Ontario workforce. You've never heard of us before because we've always been dealt with in silos. There have been hospitals, sports and recreation, the arts community or the social services community, and those groups are still working and you'll still hear from them as we go forward, but the reason we've come together is because there's been no attention to the infrastructure that covers us all. For example, we're very pleased that this government has been looking at that. We're waiting for the Ontario non-profit corporations act to be tabled, hopefully in the near future. We were involved in contributing to the design of that.

We're here today to thank you very much for doing two things for us. In this omnibus bill, you have repealed the Charitable Gifts Act which allows charities to own businesses. Previous to that, they could only own 10% of businesses, and we were the only province in Canada that had this provision. I'll tell you a little complication: Nobody understands the constraints and limitations under which our charities act. We expect them to be there to support people and to make our communities liveable, but there are a number of very antiquated and out-of-date regulatory problems that we have in the sector. By removing the Charitable Gifts Act, you have allowed charities to own businesses. We're hoping that eventually Canada will move to a system like in the United Kingdom, where not only can charities own businesses, but if the profits from those businesses go to serve the charitable purposes of the charity, then those profits are not taxable. This has provided tremendous resilience and sustainability in Britain, where a number of charities operate successful businesses serving the public and use the proceeds to further their charitable missions.

We're very pleased with this. It at least puts us on the table with the rest of the country, because what we've had is, for example, developmental service agencies serving people with developmental handicaps. One of the parents had been operating a pallet business, which made money and employed a number of people with developmental handicaps in the business, but it didn't employ 70%. If you don't have 70%, under CRA the charity can't operate a business as a community development business. The pallet business was too dangerous to have 70% of the individuals with developmental handicaps, but it made money, and the money every year went to support the day program. But it was not a related business, which is the other reason that a charity can run a business within its charity. It has to be a related business, and of course pallets have nothing to do with people with developmental handicaps, except to provide employment. So it couldn't be operated that way.

The other option under CRA regulation is to allow for businesses to be operated if they're operated 90% by volunteers. Well, this dates back to the thrift shops of the 1930s, but it's really very difficult to be run 90% by volunteers in this day and age. So that developmental service agency, with this new legislation, will be able to run its pallet business as a business owned by the charity, because the father who's been running it all these years

and just handing over the profits to the agency is nearing retirement. So they will be very appreciative of that.

The other thing you've done is you've made some changes to the Charities Accounting Act. Some of that is to provide provisions for the public trustee to be able to get the kind of information that they need about the business and about the charities to make sure that businesses are being operated in the best interests of the charity. We're very supportive of that. We're always, in the sector, very supportive of regulation that keeps people from misusing the privileges. We know that we have privileges as charitable organizations, so we're supportive of that. The most important piece from our—well, the regulation is important, but the other piece you've done there is that you've allowed organizations, charities, to own property beyond a seven-year limit. Previous to this, if a charity had property that they weren't actually occupying, then they had to get rid of it. I know an organization that has a group home that it doesn't need anymore because its programming has moved into more condo complexes, but it rents its group home out to another organization that does need a group home. Group homes: As you know, the zoning problems are problematic. This group home had lifts, it had all the safety requirements that are required for group homes—it's very expensive to have an operating, set-up group home—but the regulations wouldn't allow that. With this bill and the changes you've made, you've now allowed that charity to continue owning that group home and renting it out to another charity, which can use it for group home purposes. So it hasn't had to be put back on the open market, where undoubtedly it would have gone to a private interest and we would have lost that asset in the public domain.

0940

I'm here to say that we're very pleased. It has been 33 years that we've been trying to get the Charitable Gifts Act repealed, but it's never too late. In fact, it's just in time because the world is changing out there for charities. What we're seeing is government revenues are declining. Government support for the kinds of services that charities need to provide has been diminishing over time. The GDP of government has been falling, which means that they have less revenue to put out to these services.

Charitable dollars have been holding constant, but we're having fewer and fewer people giving charitable donations—and those donations tend to be large, and large donations tend to go to the bigger charities, who can manage the large donations. The smaller charities in all the little communities around the countryside really do need these abilities to earn some money and try to use the three sources of revenue to cobble together the service provisions that their communities need.

I'm here to say thank you very much. It's never too late. We hope this is the beginning of a real look at how to modernize the regulation and legislation that surround our charities and non-profits, because they're an enormous resource to this province and we're very lucky that we have such a strong sector.



**The Vice-Chair (Mrs. Laura Albanese):** Thank you, Ms. Eakin. We now have five minutes to ask questions.

**Mr. David Zimmer:** Thank you very much for taking the time to appear today and for having your organization, the Ontario Nonprofit Network, take a very serious look at this piece of the legislation as it affects the non-profit sector.

I note from page 5 of your written presentation—and I think this is important to put on to the record: “The Ontario non-profit sector generates revenues of \$47.7 billion ... comprises 15% of Ontario’s workforce, and includes 45,360 organizations—60% registered charities and 40% incorporated” charities. Six million volunteers contribute about 400,000 jobs, and it represents sports, recreation, arts, culture, education, health services, social services, environment, health—and the list goes on and on.

Further, at page 6, I see you’ve set out the structure of the Ontario Nonprofit Network’s steering committee. It has nine members on the steering committee, and their names and job descriptions are there. It obviously covers the non-profit world from A to Z, so to speak.

Then I see you’ve got an advisory council, which you’ve described as “key thought leaders throughout the province.” On your advisory council there are some 29 members, again representing organizations throughout Ontario from A to Z.

I’m very pleased that an organization as influential as yours has taken a close look at the amendments as they affect you, is supportive of those amendments and sees the good that those amendments can bring to the very important work that your sector does to make this the province that it is. Thank you.

**Ms. Lynn Eakin:** Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much again.

We will now recess until 10 o’clock, approximately. Our next deputant is not here yet. We will reconvene at 10.

*The committee recessed from 0945 to 0952.*

## BERNARD NAYMAN

**The Vice-Chair (Mrs. Laura Albanese):** I call the meeting back to order. Our next deputant is Mr. Bernard Nayman, chartered accountant. Thank you very much and welcome to our committee. You will have up to 10 minutes for your presentation. After that, the official opposition will have up to five minutes to ask questions if they so wish. I would ask that you state your full name for the purposes of Hansard, and you may now begin.

**Mr. Bernard Nayman:** Thank you, Madam Chairwoman. My name is Bernard Nayman. To my left, I have my assistant, Andrew Rodie.

Madam Chairman, ladies and gentlemen, I’m a chartered accountant and a licensed public accountant in Ontario, and I’ve been auditing municipal, provincial and federal election entities for close to 30 years. I’m a member of a committee of the Canadian Institute of

Chartered Accountants which provides audit guidelines for auditors of federal campaigns and riding associations. I also contributed to the election finances legislation framework of the Municipal Elections Act, back in 1985, when this act came up.

I’m here today to propose the inclusion of an important additional reform to the Municipal Elections Act. As well, I would like to present reasoning why your currently proposed reform of the act should not occur.

My first proposal concerns the functions of the auditors in a municipal campaign. Currently, the auditor of a municipal candidate is appointed by the candidate at some undefined time after the polling date and, in many cases, after the campaign period has come to an end. The problem with this is that there is no real way for an auditor to confirm the amount of assets that are there because, when he’s appointed after polling day, everything disappears, as we all well know. The auditor of provincial and federal election campaigns is appointed at the beginning of the campaign, so the auditor knows that he has to audit these records.

As an auditor, I visit the campaign headquarters and I make note of everything that is in the headquarters. Then, when the paperwork comes to me after the election is over and after polling day, I compare all of the bills that are being paid with what I’ve seen when I made my rounds in campaign headquarters.

This is not available to me at the municipal level because I have no idea who my clients are until after polling day. So I have no opportunity, or very few opportunities, to go to the campaign headquarters and find out exactly what is there, and then, subsequently, when I get the paperwork, to compare the bills with what I’ve seen.

So I ask you, members, to consider a reform to the Municipal Elections Act which would include the requirement of appointing an auditor when the candidate files his nomination papers. This is a requirement both of the Election Finances Act in Ontario and the Canada Elections Act federally. That is one part of my submission.

The other part of my submission deals with the item of accounting and audit fees, which are being shifted from an election expense not subject to the limit to an election expense subject to the limit. The audit occurs after the campaign period has come to an end. Therefore, as per subsection 76(2) of the act, campaign expenses can only occur during the campaign period, and recognizing audit expenses as expenses subject to the limit would create a contradiction in the act.

Additionally, I find that it simply doesn’t make sense to force a campaign to incur an expense subject to the act in order to comply with the requirements of the act. The audit expense is not a campaign expense in order to elect the candidate; it is an expense in order to comply with what the requirements of the act are. Therefore, it should be an expense not subject to the limit. This is the way it has been since the act was enacted and it is also the way it is under provincial and federal law.

Similarly, accounting, while it is done throughout the campaign, again, is not done in order to elect a candidate

but in order to comply with the provisions of the act, and therefore, in my humble opinion, it should be an expense that is not subject to the limits.

That completes my remarks.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much for your presentation. We now have up to five minutes for questions.

**Mr. Peter Shurman:** I have very little to ask you, Mr. Nayman. I want to thank you very much for appearing. It sounds like you've given some reasoned thought to the act and presented some good opportunities for consideration of changes.

I do have one quick question. One of the elements of the act bars candidates from carrying over campaign surplus funds, something that has been fairly contentious and that you know a lot about. Do you have any comments on that?

**Mr. Bernard Nayman:** Campaign surplus funds have to go somewhere. This is what I brought up back in 1985 when this act was first enacted. It should go to the municipality, and the municipality should make those funds available to that person if that person is a candidate in the next election for the same position.

I notice that the city of Toronto has been doing something about that by not allowing the surplus to be brought forward—and as far as I'm concerned, doing quite a number of audits of candidates, especially in the city of Toronto, of that same opinion. The incumbent has a great political advantage over all the other candidates, and by bringing the surplus forward—and in some cases the surpluses were \$20,000, \$30,000 and \$50,000—this also creates a huge financial advantage, when the incumbent can have \$50,000 in his bank account immediately while all the other candidates who are running against him have nothing and they have to raise money from the first dollar. Therefore, I would say, do away with that particular idea, and the surplus of the candidate should go to the municipality and become the property of the municipality.

1000

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much for appearing in front of our committee this morning. That concludes your presentation.

CONSERVATION ONTARIO  
GRAND RIVER  
CONSERVATION AUTHORITY

**The Vice-Chair (Mrs. Laura Albanese):** Our next deputant has arrived, representing Conservation Ontario, the Grand River Conservation Authority. So we would call Mr. Alan Dale.

Welcome to our committee. I would ask that you state your full name for the purposes of Hansard. You have up to 10 minutes for your presentation. After that, the third party will have up to five minutes to ask questions, if they so wish.

**Mr. Alan Dale:** Thank you for the opportunity to speak to you regarding Bill 212, the proposed Good

Government Act. My name is Alan Dale, and this is Don Pearson, the general manager of Conservation Ontario. I am speaking to you as both the chair of the Grand River Conservation Authority and the vice-chair of Conservation Ontario.

Conservation Ontario is the umbrella organization that represents Ontario's 36 conservation authorities, and the Grand River is one of those conservation authorities. Conservation authorities are also designated as source protection authorities under the Clean Water Act, and it is the proposed amendments to the Clean Water Act contained within Bill 212 that we want to speak to you about today.

Some of the amendments proposed in schedule 15, section 2, if passed, will compromise the ability of conservation authorities to fulfill their legislative responsibilities under the Clean Water Act. Conservation Ontario and the Grand River Conservation Authority respectfully request that subsections 2, 3 and 5 of schedule 15, section 2, be deleted from the bill.

During the period from the release of the part two report on the Walkerton inquiry in 2002 to the passing of the Clean Water Act in 2006, the protection of drinking water sources was actively debated by many stakeholders. One of the most contentious issues was the governance of the source protection plan development process. The final distribution of responsibilities established in the Clean Water Act was accepted by all parties.

The proposed amendments to the Clean Water Act contained in Bill 212 alter the relationships and responsibilities of a source protection authority and a source protection committee in a way that may damage that relationship. Specifically, subsections 2, 3 and 5 alter the reporting relationship between the minister, the source protection authority and the source protection committee.

Under the existing legislation, the source protection committee submits their documents to the source protection authority who, in turn, submits it to the minister. If the minister requests amendments to the submitted documents, direction is provided from the minister to the source protection authority, who consults with their source protection committee. The proposed changes alter the process such that the minister's direction will now go directly to the source protection committee and revisions forwarded directly from the source protection committee to the minister.

Under section 7 of the existing Clean Water Act, the source protection authority establishes the source protection committee and appoints its members. Under section 33 of the Clean Water Act, the source protection authority is legally responsible and financially liable for the submission of the terms of reference, the assessment report and the source protection plan that are prepared by a source protection committee. This alteration in the reporting relationship between the minister and the source protection committee has the result that the protection authority, which appointed the source protection committee and is financially responsible for the work of the source protection committee, will no longer have the



legal authority to be involved in directing the source protection committee or be receiving the work of the source protection committee.

Bill 212 erodes the source protection authority's ability to undertake its legal responsibilities under the Clean Water Act and reduces the source protection authority's means of managing its financial liability. Successful implementation of the Clean Water Act is highly dependent upon the relationships between the local stakeholders involved. The development of local source protection authority plans is making good progress, due largely to the positive relationships that have been developed. The proposed changes to the Clean Water Act risk damaging those relationships in return for a minor improvement in the administrative process.

In order to ensure successful and timely completion of source protection plans, we respectfully request that Bill 212, schedule 15, section 2, subsections (2), (3) and (5) be deleted. We do support the remainder of the proposed amendments to the Clean Water Act.

**The Vice-Chair (Mrs. Laura Albanese):** Now the third party would have up to five minutes for questions. Mr. Prue.

**Mr. Michael Prue:** Thank you. I have that copy of the act. I turned to the schedule as soon as you started to read to see what you were saying. I just want to make sure that I got the last couple of sentences right: You're happy with the rest of the act, save and except for those three subsections; and those three subsections, in turn, you're unhappy with because you think that they're going to reduce the authority of the Clean Water Act and those who administer it?

**Mr. Alan Dale:** Precisely—

**Mr. Michael Prue:** And this says it's for minor administrative purposes. I don't see how this is even going to give the government any more administrative flexibility. Can you tell me what the rationale—or have they given you any rationale as to how this is going to improve administration?

**Mr. Alan Dale:** I'm not aware of that, but—

**Mr. Don Pearson:** I can speak to that. I believe that the rationale that the Ministry of the Environment considered—

**The Vice-Chair (Mrs. Laura Albanese):** Excuse me. I would just like you to state your name before you start answering.

**Mr. Don Pearson:** My name is Don Pearson and I'm general manager, Conservation Ontario. My apologies.

The ministry believed that the role of the source protection authority in the exchange of information between the minister and the source protection committee was purely—you might call it an optical or really a meaningless, just pass the document through. Our view is that the

source protection committee does have the responsibility to ensure that the committee has fulfilled its responsibilities, given, again, that the source protection authority is responsible financially for the work that was actually prepared. So by, in effect, bypassing the source protection authority and making a direct conduit between the minister and the source protection committee, we believe that the authority of the source protection authority is undermined.

**Mr. Michael Prue:** Has this caused any grief to the minister in the last while that they would want to do this? I'm not aware of any problems ever originating out of the source protection authority.

**Mr. Don Pearson:** The process to this point has worked fairly well, and what we're asking for is that the change not be made so that the process continues to operate as it has been operating.

**Mr. Michael Prue:** Has the minister or any ministry official ever given cause as to why this is being put in place in this legislation and why it's necessary to limit the authority?

**Mr. Don Pearson:** We believe that they viewed it as streamlining. We have had discussion with ministry officials; the minister's office—of course, we have not spoken directly to Minister Gerretsen about it. But I think it's a question of, from their point of view, that they thought that the change would in fact streamline the process, that it was really a non-material or non-substantive change, and our point of view is that it actually is a significant change to the governance.

**Mr. Michael Prue:** And is this an attempt to—when you say streamline—make the process move faster, or is it to streamline in order to take out one of the participants? Or is it both?

**Mr. Don Pearson:** I certainly can't speak to motives. I don't believe that there's any sinister intent in making this change. I believe that, in good faith, their belief was that this put into the legislation the way the process actually worked. But, in fairness, each source protection authority has developed a relationship with its committee, and we feel that that relationship ought to be respected and is best respected by maintaining the status quo as far as those three sections are concerned.

**Mr. Michael Prue:** Thank you very much.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you for your presentation.

**Mr. Alan Dale:** Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** Before we recess, I would like to remind all the members that we will back here at 2 p.m. to continue public hearings. Thank you very much.

*The committee adjourned at 1010.*

## CONTENTS

Thursday 19 November 2009

<b>Subcommittee report</b> .....	F-885
<b>Good Government Act, Bill 212, <i>Mr. Bentley</i> / <b>Loi de 2009 sur la saine gestion publique</b>, projet de loi 212, <i>M. Bentley</i></b> .....	F-885
Commission counsel and researchers .....	F-885
Ms. Freya Kristjanson	
Mr. Brian Gover	
Ontario Deputy Judges Association.....	F-887
Mr. Ken Koprowski	
Ontario Nonprofit Network.....	F-889
Ms. Lynn Eakin	
Mr. Bernard Nayman.....	F-891
Conservation Ontario; Grand River Conservation Authority .....	F-892
Mr. Alan Dale	
Mr. Don Pearson	

## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

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175  
31



F-37

F-37

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First Session, 39<sup>th</sup> Parliament

## **Assemblée législative de l'Ontario**

Première session, 39<sup>e</sup> législature

# **Official Report of Debates (Hansard)**

Thursday 26 November 2009

# **Journal des débats (Hansard)**

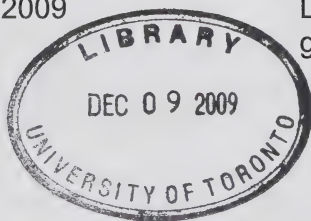
Jeudi 26 novembre 2009

## **Standing Committee on Finance and Economic Affairs**

Good Government Act, 2009

## **Comité permanent des finances et des affaires économiques**

Loi de 2009 sur la saine  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Thursday 26 November 2009

Jeudi 26 novembre 2009

*The committee met at 0902 in room 151.*

## GOOD GOVERNMENT ACT, 2009

LOI DE 2009 SUR LA SAINE  
GESTION PUBLIQUE

Consideration of Bill 212, An Act to promote good government by amending or repealing certain Acts and by enacting two new Acts / Projet de loi 212, Loi visant à promouvoir une saine gestion publique en modifiant ou en abrogeant certaines lois et en édictant deux nouvelles lois.

**The Vice-Chair (Mrs. Laura Albanese):** Colleagues, ladies and gentlemen, I call this meeting of the Standing Committee on Finance and Economic Affairs to order for clause-by-clause consideration of Bill 212, An Act to promote good government by amending or repealing certain Acts and by enacting two new Acts.

We have a number of amendments put forward, and we will begin their consideration. I would like to ask at this point if there are any comments of a general nature.

**Mr. Peter Shurman:** I'd like to read some general comments into the record for a minute or two. Is this the appropriate time?

**The Vice-Chair (Mrs. Laura Albanese):** Please go ahead.

**Mr. Peter Shurman:** Thank you.

**Mr. David Zimmer:** I'm wondering, Madam Chair, if I could ask the consent of the committee to have one of my assistants sit at the end of the table just to help with the paperwork flow. I've spoken to my colleagues.

**The Vice-Chair (Mrs. Laura Albanese):** Do we have unanimous consent?

**Mr. Peter Shurman:** I'd be happy to provide my consent if I can have the same generosity from the committee.

**Mr. Michael Prue:** And I would be happy to provide my consent to my two colleagues, who obviously are in need.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much. Mr. Shurman, please proceed.

**Mr. Peter Shurman:** Thank you, Chair. I want to say a couple of things. The government's time allocation motion for this bill has rendered consideration of the bill in committee essentially undemocratic. Dwight Duncan, in 2002, in considering Bill 198, An Act to implement Budget measures and other initiatives of the Government,

said, "Stop using time allocation the way you've used it to force closure of debate to stop the democratic process in its tracks." He said that.

Members of this committee received copies of stakeholder submissions for their review one hour before the deadline to submit any amendments. With the deadline for submissions being set an hour before the deadline for amendments, neither individual Ontarians nor stakeholder groups were given an adequate opportunity to have their submissions properly considered and reviewed by committee members. The total time expended on hearings, I believe, was approximately three hours, and this is a 400-page bill. Yet this is exactly what committee work is supposed to be about; it's why we hold hearings and invite submissions from Ontarians. It's not supposed to be an empty gesture and it's not supposed to be a gimmick.

Here's what Jim Bradley, Minister of Transportation, had to say about time allocation motions, also in 2002: "They are motions which are designed to choke off debate, to end debate, on a particular piece of legislation that would be before us." But the McGuinty government has made a mockery of the committee process with this allocation motion, in the same manner that they are now making a mockery of the entire democratic process by refusing to hold public consultations on the HST. Each and every Ontarian should be outraged at the obvious disregard for the democratic process displayed by the McGuinty Liberals.

Thank you, Chair.

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments?

**Mr. Michael Prue:** Yes, if I could speak. I'd like to echo those concerns. I'm not going to quote what people have said in the past; I'm just going to talk to the members about what has obviously happened here.

Two pieces of key information have come to me within the last 24 hours on groups that have finally had a chance to look at this bill. One of them is the city of Toronto. They have asked—and I can't do it—that a portion of the bill be opened and that a new amendment be put in. We've tried in vain through the whip's office and the House leader's office to get some consent, and it has not been forthcoming.

But the more serious one is that the Ontario Nurses' Association has called, and they have discovered that, in fact, the regulations related to nurses and the status that

they have within certain jurisdictions is going to be taken away. I certainly would have wanted to put something in on that, but I can't.

This is the whole thing about these time allocations. In the rush to do it, we're doing a disservice to the people of the city of Toronto and we're doing a disservice to the nurses across this province. I, for the life of me, don't know the rush, but I also know that as I speak here, I'm eating into the time when we can actually deal with the motions we have, so I'm going to stop.

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments? There being none, we'll proceed.

I will ask unanimous consent to stand down sections 1, 2 and 3 so that we can deal with all of the schedules first. Unanimous consent: Agreed? Thank you.

So we'll start with schedule 1, and we have no amendments from sections 1 through 28. Is it agreed that these sections can carry, inclusively? There are no amendments. Agreed? Thank you.

Shall schedule 1 carry? Carried.

Now we move on to schedule 2, sections 1 to 10. Do I have consent to carry these inclusively? Agreed? Thank you.

We are on section 11, government motion 1. Mr. Zimmer?

**Mr. David Zimmer:** I move that section 2 of the Charities Accounting Act, as set out in subsection 11(2) of schedule 2 to the bill, be amended by adding "to whom section 1 applies" after "executor or trustee" in the portion before clause (a).

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments? There being none, I call the vote on government motion 1. All those in favour? Those opposed? Carried.

We'll now consider government motion 2.

**Mr. David Zimmer:** I move that subsection 4.1(1) of the Charities Accounting Act, as set out in subsection 11(3) of schedule 2 to the bill, be amended by adding "to whom section 1 applies" after "If an executor or trustee".

**The Vice-Chair (Mrs. Laura Albanese):** Any comments? Very well; we'll call the vote. All those in favour? Opposed? Carried.

We'll move on now to government motion number 3.

0910

**Mr. David Zimmer:** I move that section 11 of schedule 2 to the bill be amended by adding the following subsection:

"(8) The act is amended by adding the following section:

"Charitable Gifts Act

"Definition

"14(1) In this section,

"interest in a business" means an interest in a business within the meaning of the Charitable Gifts Act, as it read immediately before its repeal.

"Obligation to dispose of business interest extinguished

"(2) Despite clause 51(1)(b) of the Legislation Act, 2006, the repeal of the Charitable Gifts Act extinguishes

all obligations under the Charitable Gifts Act to dispose of any interest in a business that are still in existence at the time of the repeal.

"Same

"(3) Subsection (2) applies in respect of obligations that came into existence under the Charitable Gifts Act at any time before its repeal.

"Right to application extinguished

"(4) Despite subclause 51(1)(d)(i) and subsection 51(2) of the Legislation Act, 2006, the repeal of the Charitable Gifts Act extinguishes all rights to bring an application under that act in relation to the obligations to which subsection (2) applies.

"Non-application

"(5) Subsection (4) does not apply in respect of an application relating to an order made under subsection 3(3) of the Charitable Gifts Act, as it read immediately before its repeal."

**The Vice-Chair (Mrs. Laura Albanese):** Any questions or comments?

I will call the vote on government motion number 3. All those in favour? Opposed? Carried.

I would now ask if schedule 2, section 11, as amended, carries. All those in favour? Opposed? Carried.

I will ask if schedule 2, section 12 all the way to section 46, can be carried inclusively. All those in favour? Carried.

We'll now deal with schedule 2, section 47.

*Interjection.*

**The Vice-Chair (Mrs. Laura Albanese):** Oh, I'm sorry. We're going back to 33.

Shall schedule 2, sections 12 through 32, inclusive, carry? Carried.

Now we'll deal with NDP motion 4. Mr. Prue.

**Mr. Michael Prue:** I would seek clarification from the Chair on whether or not it is in order to make this motion. I'm given to understand that—I do not intend to support it, and I know I can vote against it. Is the motion in order to strike out this section? It is in order?

**The Vice-Chair (Mrs. Laura Albanese):** Yes.

**Mr. Michael Prue:** All right. Then I move that subsection 33(3) of schedule 2 to the bill be struck out.

By way of rationale, if I can explain: There is a subsequent motion here that would retain the right of appeal—for people to go to cabinet—from OMB decisions. If I can explain that, and I realize it's on the later one, this has to be struck out in order for this to happen.

Appeals operate, I would suggest, as a safety valve. The one advantage of cabinet appeals is that they ensure accountability by the government for what are generally policy decisions by administrative tribunals. The decisions made by the OMB are essentially policy decisions in the land use context.

A good example was probably the Brickworks, for those people who are familiar with Toronto, where the decision was made on whether or not the wetland was to be paved or development proceed. It would be very difficult to judicially review these decisions in Divisional Court.



Cabinet appeals do provide a safety valve when the tribunal's decision was reached largely on the basis of facts or policy considerations which do not favour public-interest clients. Moreover, a judicial review process is very expensive and there is a risk of costs. These considerations don't apply for cabinet appeals.

There are two examples in my own beloved East York that I can talk about and show where the appeal to cabinet worked when Divisional Courts and other remedies did not.

The first was the Bayview ghost, which existed on Bayview for many years, which was partially built prior to East York becoming a borough, when we were still a township. It was started, largely completed and then ran into difficulties at the Ontario Municipal Board. It was the appeal to cabinet that resolved the land use. The ghost was eventually torn down, and today there are some lovely and stately homes there. The decision was made by cabinet and it was certainly a good one, much better than what the Ontario Municipal Board had done in that particular case.

The second one, which is much better known, is the land use of the Brickworks, where, if you're travelling on Bayview Avenue and you see the Brickworks, what was planned there was to build hundreds of homes on the flood plain. The people of East York and the people of Toronto banded together to try to stop the development. The OMB allowed the development to proceed, but it was the cabinet, upon an appeal—in this case, it was the Peterson cabinet and Lily Munro, who was the minister—which stepped in and saved the Brickworks for public use after the OMB had made a decision, which was defensible in court.

It's that kind of safeguard that I'm asking the members to look at. Don't delete this right. It is used sparingly, but when it is used, it is used to good public effect. That's why I'm asking that this section be deleted and that my subsequent motion, which is motion number 5, be allowed to keep this section in the act that allows for appeals to cabinet. I don't think it's onerous to cabinet, and I certainly think that from time to time the Ontario Municipal Board errs in what it is doing, even though the courts will back them up—because the judicial process will look at what the law is rather than what the greater public good is. That's why we have a Parliament, that's why we have a Legislature, that's why we have a cabinet, and that's why we have a process that allows for this. I think it's a very grave error if the government votes to discontinue that.

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments? Mr. Zimmer.

**Mr. David Zimmer:** The facts of the matter are that petitions to cabinet are very, very rare.

**Mr. Michael Prue:** Yes.

**Mr. David Zimmer:** For most of the statutes that in fact do provide for petitions to cabinet, there is no record of any petition in the last 15 years. Appeals to decisions can still be dealt with through the courts, and that's the place to deal with these appeals.

**The Vice-Chair (Mrs. Laura Albanese):** Further comments? Mr. Shurman.

**Mr. Peter Shurman:** I think that the parliamentary assistant has just made my colleague's case. If petitions are that rare, then why would we want to change anything? I support this amendment fully.

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments?

**Mr. Michael Prue:** If I can, and I thank Mr. Zimmer, there hasn't been one in the last 15 years. The one that happened was 15 years ago. Travel on Bayview Avenue and tell me if you don't think it was the right decision. It was absolutely right. There would have been homes built on the flood plain. We know what happened during Hurricane Hazel: All those houses were washed away. The government of the day was smart. Lily Munro did a service to the people of this city. You want to take away that service for something that happens every 15 years. I don't understand it. It's not going to cause any great consequence to this cabinet or any subsequent cabinet if once every 15 years they have to make a decent and good decision for the people.

Please don't do this. Please don't sit there and read some note from a bureaucrat who says it's not consequential, because it is.

**The Vice-Chair (Mrs. Laura Albanese):** Further comments? There being none—

**Mr. Michael Prue:** A recorded vote, please.

#### Ayes

Prue, Shurman.

#### Nays

Crozier, Flynn, McNeely, Sousa, Zimmer.

**The Vice-Chair (Mrs. Laura Albanese):** I declare the motion lost.

Shall schedule 2, section 33, carry? All those favour?

**Mr. Michael Prue:** Recorded vote.

#### Ayes

Crozier, Flynn, McNeely, Sousa, Zimmer.

#### Nays

Prue, Shurman.

**The Vice-Chair (Mrs. Laura Albanese):** Carried.

We'll move on to schedule 2, sections 34 to 46, and ask if those can carry inclusively. Carried.

0920

We shall now deal with schedule 2, section 47. We have an NDP notice. All those in favour of schedule 2, section 47?

**Mr. Michael Prue:** What is it that's going on here, Madam Chair? I'm not understanding. Is it a motion?

**The Vice-Chair (Mrs. Laura Albanese):** We're voting on the schedule.

**Mr. Michael Prue:** Okay.

**The Vice-Chair (Mrs. Laura Albanese):** All those in favour of schedule 2, section 47? Opposed? Carried.

We don't have any other motions until section 53. Shall schedule 2, sections 48 to 53 inclusive, carry? Carried.

We'll now deal with schedule 2, section 54: NDP motion number 5. Mr. Prue.

**Mr. Michael Prue:** I'm going to read it in again, but I know where the government's coming from on this. I must state that I'm absolutely disappointed with the short-sightedness of the position to not leave in something that has proven it works and that has been of great consequence to the people of this city and this province.

Having said that, I move that subsections 54(1), (3) and (4) of schedule 2 to the bill be struck out.

The rationale is the same as I gave before: the people's right and the government's right to intervene when the Ontario Municipal Board makes a decision which is not in the best interests of the province.

**The Vice-Chair (Mrs. Laura Albanese):** Further comments? Seeing none—

**Mr. Michael Prue:** Again, on a recorded vote, please.

#### Ayes

Prue, Shurman.

#### Nays

Crozier, Flynn, McNeely, Sousa, Zimmer.

**The Vice-Chair (Mrs. Laura Albanese):** I declare the motion lost.

Shall schedule 2, section 54, carry? All those in favour? Opposed? Carried.

Now we're dealing with schedule 2, sections 55 to 58 inclusive. Shall those carry? All those in favour? Opposed? Carried.

Shall schedule 2, section 59, carry? All those in favour? Opposed? Carried.

We'll now deal with schedule 2, sections 60 to 65 inclusive. Shall carry? Carried.

Shall schedule 2, section 66, carry? All those in favour? Opposed? Carried.

Shall schedule 2, section 67, carry? Carried.

Shall schedule 2, sections 68 through 80 inclusive, carry? Carried.

Shall schedule 2, as amended, carry? Carried.

We'll move on now to schedule 3. We will ask for schedule 3, section 1 through section 4, inclusive, to be carried. Carried.

Shall schedule 3 carry? Carried.

We're now on schedule 4, government motion number 6.

**Mr. David Zimmer:** I move that clause (c) of the definition of "provincial offences officer" in subsection

1(1) of the Provincial Offences Act, as set out in subsection 1(1) of schedule 4 to the bill, be amended by adding "or in subsection 79(1) of the City of Toronto Act, 2006" after "Municipal Act, 2001".

**The Vice-Chair (Mrs. Laura Albanese):** Any comments? Seeing none, I call the vote. All those in favour of the motion? Opposed? Carried.

Government motion number 7: Mr. Zimmer.

**Mr. David Zimmer:** I move that subsection 5.1(4) of the Provincial Offences Act, as set out in subsection 1(6) of schedule 4 to the bill, be amended by striking out "make one request to the clerk of the court" and substituting "deliver to the clerk of the court one written request."

**The Vice-Chair (Mrs. Laura Albanese):** Any comments? Seeing none, all those in favour of the motion? Opposed? Carried.

Government motion number 8: Mr. Zimmer.

**Mr. David Zimmer:** I move that section 5.1 of the Provincial Offences Act, as set out in subsection 1(6) of schedule 4 to the bill, be amended by adding the following subsection:

"Notice of rescheduled meeting time

"(4.1) Where a meeting time is rescheduled under subsection (4), the clerk of the court shall, as soon as is practicable, give notice to the defendant and the prosecutor of the rescheduled time and the place of their meeting."

**The Vice-Chair (Mrs. Laura Albanese):** Any comments? Seeing none, all those in favour of the motion? Opposed? Carried.

We'll move on to government motion number 9.

**Mr. David Zimmer:** I move that clause 5.1(8)(b) of the Provincial Offences Act, as set out in subsection 1(6) of schedule 4 to the bill, be amended by striking out "lesser" and substituting "other".

**The Vice-Chair (Mrs. Laura Albanese):** Any comments? Yes, Mr. Prue?

**Mr. Michael Prue:** It's not a comment; it's more of a question, and perhaps the mover of the motion can explain to me: It appears to me that what was there was that the judge could impose a lesser fine, but now he can impose an "other" fine, and I'm not sure what the difference is. I can understand why you would allow the judge in the circumstances of the case to impose a lesser fine on someone given the circumstances, but what is an "other" fine? Something that is not contained within the act or the regulation so he can impose something "other"? That is troubling because it may be much more consequential. It might be something that's off the wall, and I just need to know why you've done this. If you can explain—

**Mr. David Zimmer:** The municipal prosecutors have advised that this is the status quo across the province, and the intent is to codify the status quo in respective plea agreements.

**Mr. Michael Prue:** So it says "other" in other statutes? The word is "other." I understand the rationale for "lesser" that was in the original bill. I understand that. I don't understand the substitution of the word "other"



and what latitude that is going to give the judge, because if it's "other," it means to me that it can be anything, and I have some difficulty with "anything." I think the judge needs to have parameters. He can do less if the circumstances indicate it, but to do "other"—the reason I'm asking this is, it may call for a fine and the judge may impose jail, because that's "other."

**Mr. David Zimmer:** Would you come up and introduce yourself and your position and title? You'll get a technical explanation.

**Mr. Michael Prue:** I just need an explanation. It's not clear, and I don't want to vote to send someone to jail when the judge doesn't have that authority.

**Mr. David Zimmer:** Fair enough.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you. Could you please state your name for the record.

0930

**Ms. Lisa Minuk:** Lisa Minuk. I'm counsel at court services division. It wouldn't be possible to impose jail or a fine in excess of \$500 or, if the other amendment passes, of \$1,000. What this is here for is to accommodate substituted charges. So sometimes in the province, the defendant and prosecutor will agree that the defendant will plead to a lesser charge but at a higher penalty than what the set fine would be for the substituted charge.

**Mr. Michael Prue:** It's to facilitate plea bargaining.

**Ms. Lisa Minuk:** It's to facilitate plea bargaining, and they would never be in the situation unless the defendant had agreed. So the situation is that the defendant meets with the prosecutor, they reach an agreement that both of them are okay with, and then they go in front of a justice and put that plea agreement before the justice.

**Mr. Michael Prue:** And this gives the justice latitude to—

**Ms. Lisa Minuk:** To accept the plea.

**Mr. Michael Prue:** —to accept the plea and the fine, even though the fine for the plea might be excessive, as set out in statute.

**Ms. Lisa Minuk:** The fines aren't set in the statute. The set fines are set by the Chief Justice of the Ontario Court of Justice and the set fine is sort of meant to reflect the average fine that would be imposed if the matter were to go to trial. So in an individual case, there might be circumstances that would warrant the fine being higher or lower.

**The Vice-Chair (Mrs. Laura Albanese):** Any further queries? Comments?

Seeing none, I call the vote on government motion number 9. All those in favour? Opposed? Carried.

We will now proceed to consider government motion 10.

**Mr. David Zimmer:** I move that schedule 4 to the bill be amended by adding the following subsection:

"(14.1) Section 11 of the act is amended by adding the following subsection:

""Rescheduling time of trial

""(4.1) If a notice of trial is given, the clerk of the court may, for administrative reasons, reschedule the time of the trial by giving a revised notice to the

defendant and the prosecutor within 21 days of giving the original notice of trial."

**The Vice-Chair (Mrs. Laura Albanese):** Any comments? Seeing none, I call the vote on government motion number 10. All those in favour? Opposed? Carried.

We will now proceed to consider government motion number 11: Mr. Zimmer.

**Mr. David Zimmer:** I move that subsection 11(2) of the Provincial Offences Act, as set out in subsection 1(15) of schedule 4 to the bill, be amended by adding "or for a meeting under section 5.1" after "for a hearing".

**The Vice-Chair (Mrs. Laura Albanese):** Any comments? Seeing none, I—oh, sorry. Mr. Prue.

**Mr. Michael Prue:** Again, I need an explanation. Does this mean in the circumstance where the defendant is unable to attend a meeting with the prosecutor? Is that what this is intended to do? I just need to know what it's intended to do and what the consequences are.

**Mr. David Zimmer:** The intent here is reopening an important constitutional safeguard. If you want more of an answer than that—

**Mr. Michael Prue:** I don't understand your answer, so please.

**The Vice-Chair (Mrs. Laura Albanese):** Please approach the table.

**Ms. Lisa Minuk:** The bill introduces this new pretrial resolution system, one aspect of which is that the defendant can schedule a meeting with a prosecutor if they want. They'll get a notice of the meeting, and if they don't attend, they can be deemed not to dispute the charge and possibly convicted in the way that other defendants who don't attend their trials are deemed not to dispute the charge and convicted. What section 11 does is, it places sort of a safeguard, so that if the defendant can show that the reason they didn't attend was due to no fault of their own, then the conviction is struck and the matter is sort of reopened as if the conviction had never happened. So that exists for trials.

**Mr. Michael Prue:** Yes, I know.

**Ms. Lisa Minuk:** So what this would do is just make sure that if they had missed that meeting with the prosecutor, they have this right to reopen the conviction.

**Mr. Michael Prue:** Okay, that's reasonable. I just needed to hear that.

**The Vice-Chair (Mrs. Laura Albanese):** Any further queries, comments? Seeing none, I call the vote on government motion 11. All those in favour? Opposed? Carried.

We'll move to government motion 12.

**Mr. David Zimmer:** I move that subsection 19(2) of the Provincial Offences Act, as set out in subsection 1(28) of schedule 4 to the bill, be amended by striking out "if satisfied by affidavit of the defendant" and substituting "if satisfied by affidavit of the defendant or otherwise".

**The Vice-Chair (Mrs. Laura Albanese):** Comments? Seeing none, I call the vote on government motion 12. All those in favour? Opposed? Carried.

We'll now move to consideration of government motion 13. Mr. Zimmer.

**Mr. David Zimmer:** I move that subsection 45(6) of the Provincial Offences Act, as set out in subsection 1(36) of schedule 4 to the bill, be amended by,

(a) striking out "under Part I or IP" and

(b) striking out "the information" and substituting "the certificate of offence, the certificate of parking infraction or the information, as the case may be".

**The Vice-Chair (Mrs. Laura Albanese):** Any questions or comments? Seeing none, I call the vote on government motion 13. All those in favour? Opposed? Carried.

We'll now consider government motion 14.

**Mr. David Zimmer:** I move that subsection 45.1(1) of the Provincial Offences Act, as set out in subsection 1(37) of schedule 4 to the bill, be struck out and the following substituted:

"Judicial pre-trial conferences

"(1) On application by the prosecutor or the defendant or on his or her own motion, a justice may order that a pre-trial conference be held between the prosecutor and the defendant or a representative of the defendant."

**The Vice-Chair (Mrs. Laura Albanese):** Any comments? Seeing none, I call the vote on government motion 14. All those in favour? Opposed? Carried.

We shall consider now government motion 15.

**Mr. David Zimmer:** I move that paragraph 2 of subsection 48.1(2) of the Provincial Offences Act, as set out in subsection 1(39) of schedule 4 to the bill, be struck out and the following substituted:

"2. A certified statement in a certificate of parking infraction."

**The Vice-Chair (Mrs. Laura Albanese):** Any questions or comments? Seeing none, I call the vote on government motion 15. All those in favour? Opposed? Carried.

We shall proceed to consider government motion 16. Mr. Zimmer.

**Mr. David Zimmer:** If you could give me a second here.

I move that subsections 48.1(5) and (6) of the Provincial Offences Act, as set out in subsection 1(39) of schedule 4 to the bill, be struck out and the following substituted:

"No oral evidence

"(5) A provincial offences officer who provides certified evidence referred to in subsection (2) in respect of a proceeding shall not be required to attend to give evidence at trial, except as provided under subsection 49(4)."

**The Vice-Chair (Mrs. Laura Albanese):** Any further queries, comments? Mr. Prue.

**Mr. Michael Prue:** This is a little bit complex to me, and perhaps the solicitor or the mover can explain this to me. Can you outline circumstances when an officer shall be required or not required to give evidence? Secondly, I think this relates to the next motion, also about the

adjournment, where there's certified evidence. It's complex. I need to understand what I'm voting for.

**Mr. David Zimmer:** Speaking to 16—and I'll ask someone to come forward—we've heard from a lot of stakeholders on this issue that the summons process raises very significant concerns about staff workload. It's intended to deal with that. A more fulsome explanation will follow.

**The Vice-Chair (Mrs. Laura Albanese):** Please proceed.

**Ms. Lisa Minuk:** The idea here is to amend the way that we use certificate evidence. Certificate evidence is where, instead of appearing in court to testify and give evidence orally, an officer will do a certified statement, saying, "I certify that I saw this happen." Sometimes it might not be a statement, it might be a picture; for a red light camera, for instance, for the offence of crossing a red light, certificate evidence is used and the defendant is mailed a picture of their car at the red light before the intersection and then going through the intersection, and that's the evidence in the case.

0940

What these two sections together say is that where certificate evidence is being relied on, the officer doesn't have to also come in and testify. That certified statement can stand on its own, unless the defendant or the prosecutor can establish that trial fairness is at issue if the officer is not called in for a cross-examination. That's just a safeguard there, so that if there is some reason, some question, they can call the officer in to testify, to be cross-examined if trial fairness is at stake.

**Mr. Michael Prue:** That's primarily to do with red-light cameras?

**Ms. Lisa Minuk:** That's one way that it's used right now. The bill creates an authority to designate by regulation offences for which you could use this certificate evidence. They would have to think about, like I said, what offences would be appropriate.

**Mr. Michael Prue:** I can understand in terms of where it's a mechanical device like a red-light camera, but where an officer sees something—say, he thinks a guy went through a stop sign, and the man or the woman disputes that they stopped at the stop sign—is there any possibility that the cabinet could say that the officer could just write a certificate and that would be the end of it?

**Ms. Lisa Minuk:** It would be legally possible for that to happen, but if it did, there's still the judge there to say, "That's not appropriate." If the defendant says, "No, I didn't," then that would be an issue that goes to the element to the offence, and the officer would have to be called in. It would be important to be careful about what kinds of offences—

**Mr. Michael Prue:** That's why I'm a little nervous just to leave this up to cabinet. Has any list of those been drawn up to date? I understand the red light. I'm not going to say no. That makes sense. But where it's one person's word on what they saw versus another person's and there's no mechanical device, there are no pictures,



there's no anything else, I would be very reluctant to give this, if I thought that was going to step into that realm. I just need to know, has there been a list established?

**Ms. Lisa Minuk:** There has not been a list established.

**Mr. Michael Prue:** Okay. Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** Any further questions, comments? Thank you. Seeing none, I will call the vote on government motion number 16. All those in favour? Opposed? Carried.

We will now consider government motion number 17.

**Mr. David Zimmer:** I move that subsection 49(3) of the Provincial Offences Act, as set out in subsection 1(40) of schedule 4 to the bill, be struck out and the following substituted:

“Adjournment

“(3) Despite subsection (1) and subject to subsection (4), if the trial is being held in respect of a proceeding commenced under part I or II, the court shall not adjourn the trial for the purpose of having the provincial offences officer who completed the certificate of offence or the certificate of parking infraction, as the case may be, attend to give evidence unless the court is satisfied that the interests of justice require it.

“Adjournment where certified evidence

“(4) If certified evidence referred to in subsection 48.1(2) is being admitted as evidence in a trial referred to in subsection (1), the court shall not adjourn the trial for the purpose of having any of the following persons attend to give evidence unless the court is satisfied that the oral evidence of the person is necessary in order to ensure a fair trial:

“1. The provincial offences officer who completed the certificate of offence or the certificate of parking infraction, as the case may be.

“2. Any provincial offences officer who provided certified evidence in respect of the proceeding.”

**The Vice-Chair (Mrs. Laura Albanese):** Any further queries, comments? Seeing none, I will call the vote on government motion number 17. All those in favour? Opposed? Carried.

We will move to consider government motion number 18.

**Mr. Michael Zimmer:** I move that subsection 83.1(3) of the Provincial Offences Act, as set out in subsection 1(47) of schedule 4 to the bill, be amended by striking out “a trial under part III” and substituting “a proceeding commenced by information under part III”.

**The Vice-Chair (Mrs. Laura Albanese):** Any comments? Mr. Prue.

**Mr. Michael Prue:** Could I just ask again what this is intended to do? Is this intended to enter into the range of plea bargaining or pre-trial meetings? Is that what the intent is?

**Mr. David Zimmer:** It's consistent with the language elsewhere in the act. What it does is clarify some ambiguity, as trials are conducted under part IV.

A more fulsome explanation?

**Mr. Michael Prue:** Perhaps. I'm sorry, David, it doesn't mean anything when you tell me that.

**Mr. David Zimmer:** No, I understand.

**Mr. Michael Prue:** I'm just trying to be cautious. This bill has been rushed. Even the government has 50 changes to it, and they had it a lot longer than I did.

**Mr. David Zimmer:** Madam?

**Ms. Lisa Minuk:** I think there are sort of two things going on here. One is what's in the original bill. The section that is being amended says a witness may appear by electronic methods to give evidence in a trial under part III only with the consent of both the prosecutor of the defendant. That's what the underlying provision is: They both have to consent for a witness to give evidence.

What this motion is correcting is just the phrase “in a trial under part III,” because that's not consistent with the language in the rest of the act.

Trials are technically under part IV of the act. The correct wording is the trial “commenced by information under part III.”

**Mr. Michael Prue:** Okay, so part III is related to proceedings, not trials.

**Ms. Lisa Minuk:** That's right. Part III is how you would commence the more serious proceedings under the Provincial Offences Act.

**Mr. Michael Prue:** Okay. That makes sense. Thank you.

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments?

Seeing none, I call the vote on government motion number 18.

All those in favour? Opposed? Carried.

We'll now consider government motion number 19.

**Mr. David Zimmer:** I move that subsection 111(3) of the Provincial Offences Act, as set out in subsection 1(51) of schedule 4 to the bill, be amended by striking out “and an application to extend time to pay under section 85”.

**The Vice-Chair (Mrs. Laura Albanese):** Any comments? Mr. Prue.

**Mr. Michael Prue:** Does that mean that people cannot make an application to extend time to pay under section 85; it means they have to pay on the spot?

**Mr. David Zimmer:** This was a drafting error. Section 111 is itself an application to waive payment, pending appeal.

**Mr. Michael Prue:** So it's a drafting error, and this simply changes the drafting error.

**Mr. David Zimmer:** Yes.

**Mr. Michael Prue:** It doesn't mean it takes away someone's right to ask for time.

**Mr. David Zimmer:** Yes.

**The Vice-Chair (Mrs. Laura Albanese):** Maybe we should ask for further clarification.

**Mr. Michael Prue:** Please.

**Mr. David Zimmer:** It's an important point.

**The Vice-Chair (Mrs. Laura Albanese):** Before you proceed, could you please spell your name, for Hansard purposes.

**Ms. Lisa Minuk:** Sure. It's M-I-N-U-K.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you very much. Please proceed.

**Ms. Lisa Minuk:** There wouldn't be a need to extend the time to pay because the fine would be waived, pending the appeal. That's the drafting error. Section 111, which is the section this amended, is about waiving the fine, pending the appeal. So there's no need to extend the time to pay it; it's already waived.

**Mr. Michael Prue:** All right, that's logical. But, Madam Chair, it's wasting time, her running back and forth.

**The Vice-Chair (Mrs. Laura Albanese):** Absolutely.

**Mr. David Zimmer:** Stay and enjoy the morning.

**Mr. Michael Prue:** Get a coffee.

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments?

Seeing none, I call the vote on government motion 19. All those in favour? Opposed? Carried.

We'll proceed to consider government motion number 20. Mr. Zimmer.

**Mr. David Zimmer:** I move that schedule 4 to the bill be amended by adding the following subsection:

"(53.1) Section 116 of the act is amended by adding the following subsection:

"Simultaneous application

"(4) Despite subsection (3), the notice of appeal may be filed at the same time as an application under section 85 to extend the time to give notice of appeal."

0950

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments? Seeing none, I call the vote on government motion 20. All those in favour? Opposed? Carried.

We'll move on to government motion 21.

**Mr. David Zimmer:** I move that schedule 4 to the bill be amended by adding the following subsection:

"(55.1) Section 135 of the act is amended by adding the following subsection:

"Simultaneous application

"(2.1) Despite subsection (2), the notice of appeal may be filed at the same time as an application under section 85 to extend the time to give notice of appeal."

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments? Seeing none, I call the vote on government motion 21. All those in favour? Opposed? Carried.

We'll now consider government motion 22.

**Mr. David Zimmer:** I move that subsection 1(56) of schedule 4 to the bill be struck out and the following substituted:

"(56) Section 137 of the act is amended by adding the following subsections:

"Dismissal by justice

"(2) Where the clerk of the court considers that an appeal has not been proceeded with or has been abandoned, the clerk may, after giving notice to the parties to the appeal, have the matter brought before a justice sitting in open court to determine whether the appeal has been abandoned and the appeal should be dismissed.

"Motion to restore

"(3) A party to an appeal that was dismissed under subsection (2) may apply to have the appeal restored."

**The Vice-Chair (Mrs. Laura Albanese):** Any comments? Seeing none, I call the vote on government motion 22. All those in favour? Opposed? Carried.

We'll proceed to consider government motion 23.

**Mr. David Zimmer:** I move that subsection 165(9) of the Provincial Offences Act, as set out in subsection 1(59) of schedule 4 to the bill, be amended by adding "or section 240 of the City of Toronto Act, 2006" after "Municipal Act, 2001".

**The Vice-Chair (Mrs. Laura Albanese):** Any comments? Mr. Prue.

**Mr. Michael Prue:** Yes. If I could just get an explanation of what, in fact, this actually means?

**Mr. David Zimmer:** The City of Toronto Act, parallel to the Municipal Act provision in the existing draft. The city of Toronto has requested this. Without this amendment, Toronto alone among municipalities will need AG approval to recover the cost of collection agencies and fine defaulters.

**Mr. Michael Prue:** So I can take it, then, that every other municipality will be given this power and Toronto wants to retain this power as well? That's what I'm hearing.

**Ms. Lisa Minuk:** Wants to obtain this power as well.

**Mr. Michael Prue:** Okay, so Toronto alone doesn't have the power? They all have it, but we have to deal simultaneously with the City of Toronto Act because the city of Toronto is different?

**Ms. Lisa Minuk:** Well, the bill—that's correct. The bill would give it to all the other municipalities, as drafted right now, except for Toronto.

**Mr. Michael Prue:** Okay, so this is just to ensure Toronto gets it too?

**Ms. Lisa Minuk:** That's right.

**Mr. Michael Prue:** Thank you.

**The Chair (Mrs. Laura Albanese):** Thank you very much. Any further comments? I call the vote on government motion 23. All those in favour? Opposed? Carried.

So, shall schedule 4, section 1, as amended, carry? Carried.

We'll move on to schedule 4, section 2, and to consider government motion 24: Mr. Zimmer.

**Mr. David Zimmer:** I move that schedule 4 to the bill be amended by adding the following section:

"Highway Traffic Act

"2.1(1) Subsection 205.17(2) of the Highway Traffic Act is amended by striking out '5.2.'

"(2) Subsection 205.17(2) of the act is amended by striking out '6.'

"(3) Subsection 205.19(1) of the act is repealed and the following substituted:

"Deemed not to dispute charge

"(1) A defendant is deemed to not wish to dispute the charge where,

"(a) at least 15 days have elapsed after the defendant was served with the offence notice and the defendant did not give notice of intention to appear under section 5 of



the Provincial Offences Act, did not request a meeting with the prosecutor in accordance with section 5.1 of that act and did not plead guilty under section 7 or 8 of that act;

“(b) the defendant requested a meeting with the prosecutor in accordance with section 5.1 of the Provincial Offences Act but did not attend the scheduled meeting with the prosecutor; or

“(c) the defendant reached an agreement with the prosecutor under subsection 5.1(6) of the Provincial Offences Act but did not appear at a sentencing hearing with a justice under subsection 5.1(8) of that act.

“(4) Subsection 205.23(1) of the act is amended by adding ‘or for a meeting under section 5.1 of the Provincial Offences Act’ after ‘for a hearing.’”

**The Vice-Chair (Mrs. Laura Albanese):** Before we proceed to vote on this motion, my apologies, but we need to vote on schedule 4, section 2, as this is a new section that is being created. Therefore it requires a vote.

I’ll call the vote now on schedule 4, section 2. All those in favour? Opposed? Carried.

Now we’ll deal with government motion number 24. All those in favour? Opposed? Carried.

We’re now dealing with schedule 4, section 3. All those in favour? Opposed? Carried.

We’ll move on to section 4. Government motion number 25.

**Mr. David Zimmer:** I move that subsection 4(4) of schedule 4 to the bill be struck out and the following substituted:

“(4) Subsections 1(5), (6), (8), (9), (11), (13), (15), (19), (21), (24), (25), (28), (30), (39), (40), (44), (45), (46) and (48) and subsections 2.1(1), (3) and (4) come into force on a day to be named by proclamation of the Lieutenant Governor.”

**The Vice-Chair (Mrs. Laura Albanese):** Any questions or comments? Seeing none, I call the vote on government motion number 25. All those in favour? Opposed? Carried.

Shall schedule 4, section 4, as amended, carry? Carried.

Shall schedule 4, as amended, carry? Carried.

We’ll move on now to schedule 5, and on schedule 5, we will ask for section 1 all the way through to section 25 to be carried inclusively.

**Mr. Peter Shurman:** I’d like to make a comment, Chair.

**The Vice-Chair (Mrs. Laura Albanese):** Absolutely. Please, Mr. Shurman.

**Mr. Peter Shurman:** This goes into two sections—sections 5 and 6, but we’re referring to 5 now—that deal with accountability. The problem with this act is we don’t know the scope of the accountability of the act. We don’t know because the affected administrative tribunals are all a matter of regulation, so it’s hidden to us. I think it’s somewhat ironic that a Liberal government that arguably has been beset with more scandals than any government in recent history—bad governance, lack of transparency and poor accountability most of all—is imposing standards on administrative tribunals that they

themselves, even as we speak, are evading. I want that on the record.

**The Vice-Chair (Mrs. Laura Albanese):** Thank you. Any further comments? Seeing none, we’ll confirm that sections 1 to 25, inclusive, carry. All those in favour? Opposed? Carried.

Shall schedule 5 carry? All those in favour? Opposed? Carried.

We’ll move on now to schedule 6. We’ll ask for sections 1 and 2 to be carried inclusively. Carried.

**Mr. Peter Shurman:** I have comments on schedule 6 as well, and I’d like a recorded vote on schedule 6.

**The Vice-Chair (Mrs. Laura Albanese):** Which section?

**Mr. Peter Shurman:** All of them.

This was the subject of one of the very few deputations that we heard in this room last week. Very particularly, listening to the deputants who represented Commission counsel and Rresearchers, I asked for the characterization of the changes in one word, and the word that they provided was “objectionable.” They said it was a very negative change. The schedule shouldn’t even have been introduced in this bill.

The bill was called “housekeeping,” and I believe I’m quoting accurately from the Attorney General. If you’re going to make changes of this scope to the public inquiries area of our legislative body of work, this should have been done as a separate bill. There is no independent mechanism to interpret the phrase “public interest.” So the question has to be asked: How can the people of Ontario be assured that the Liberals, or any future government for that matter, will not use this change to avoid investigations, and very particularly now on things like the eHealth scandal?

Now what we have is phraseology that talks about good government and public concern. If we pass this as it stands, we go to “public interest” as the operative phrase. So “public interest” becomes entirely subjective and interpretive on the part of the highest level of government, right up to the Premier, and we can’t, under any circumstances, support that. That’s why I want the recorded votes.

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments? I would like to clarify if you would like it on each section.

**Mr. Peter Shurman:** Yes, I do.

**The Vice-Chair (Mrs. Laura Albanese):** So we’ll go back to schedule 6, section 1, on a recorded vote.

**Ayes**

Crozier, Flynn, McNeely, Sousa, Zimmer.

**Nays**

Prue, Shurman.

**The Vice-Chair (Mrs. Laura Albanese):** Carried.

We’ll move on to section 2. Shall schedule 6, section 2, carry? On a recorded vote.

**Ayes**

Crozier, Flynn, McNeely, Sousa, Zimmer.

**Nays**

Prue, Shurman.

**The Vice-Chair (Mrs. Laura Albanese):** Carried.

We'll move on to schedule 6, section 3: NDP motion number 26.

**Mr. David Zimmer:** Madam Chair?

**The Vice-Chair (Mrs. Laura Albanese):** Yes?

**Mr. David Zimmer:** May I have the indulgence of the committee for a two- or three-minute pause or break?

**The Vice-Chair (Mrs. Laura Albanese):** Is it agreed?

**Mr. Michael Prue:** Why not?

**Mr. Peter Shurman:** Fine, if you want.

**Mr. David Zimmer:** Thank you. I'll be back in a minute.

**The Vice-Chair (Mrs. Laura Albanese):** Agreed. We'll recess for three minutes.

*The committee recessed from 1001 to 1006.*

**The Vice-Chair (Mrs. Laura Albanese):** We're reconvening to consider schedule 6, section 3, NDP motion 26. Mr. Prue?

**Mr. Michael Prue:** I move that section 3 of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be amended by adding the following subsections:

"Mandatory establishment

"(1.1) A commission is established to conduct a public inquiry into a matter in the public interest if the leaders of a majority of the recognized parties in the assembly consent to a motion in the assembly establishing the commission.

"Same

"(1.2) If a commission is established under subsection (1.1),

"(a) subsections (2) to (6) apply to the commission, reading references in those subsections to the Lieutenant Governor in Council as references to the leaders of a majority of the recognized parties in the assembly, except that the terms of reference for the inquiry shall be those on which the leaders of all recognized parties in the assembly agree; and

"(b) references in this act to the order establishing the commission are deemed to be references to the motion mentioned in subsection (1.1)."

This, we believe, is necessary because, currently, opposition parties call on a minister who either has been involved in the alleged wrongdoing himself or herself or whose department or agency, board or commission has been involved in suspected wrongdoing. The minister and the rest of the cabinet, usually, are clearly in a conflict of interest when deciding whether to initiate an inquiry.

**1010**

The amendment set out above would remove the conflicted minister from the decision-making process concerning initiating an inquiry and would in fact leave it up to the House.

I know that this may be problematic to the current government, and I know it may be problematic to future governments, no matter who is in government, even potentially someday a New Democratic Party government. But the reality is that when it gets heated in the House, and when an inquiry needs to be held, governments of all stripes in the past have tended to stonewall. We believe that this would give great latitude to the House. It would free up the members of the House in order to try to get to the bottom of alleged serious wrongdoings.

Although it may seem to be somewhat of a radical step, I believe it would give the Legislature the greatest possible authority to do what is right for the people of Ontario and to take away simply from the cabinet that right of determining when—or when not—they will be investigated.

**The Vice-Chair (Mrs. Laura Albanese):** Further comments? Mr. Shurman.

**Mr. Peter Shurman:** With respect to Mr. Prue and the NDP on this or any other amendment, because my party basically rejects out of hand section 6, we won't be supporting any amendments and we'll be calling for a recorded vote on all of the amendments and all sections of section 6.

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments? Seeing none—

**Mr. Michael Prue:** If I could—

**The Vice-Chair (Mrs. Laura Albanese):** Yes, Mr. Prue.

**Mr. Michael Prue:** I've listened to Mr. Shurman. I understand his frustration and I understand that he thinks that this is irreparable. We have already seen that the government is not going to back down on this. The reason that we are putting these forward is to take away the most onerous of the provisions and to try to salvage something of this.

I share his frustration but, always the optimist, I am going to try to make a silk purse out of a sow's ear, if I can, because I think that if you are willing to take just these couple of little steps, we can assuage most of the concerns that were expressed by the judiciary and by the defence counsels when they came here.

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments? Seeing none, I call the vote on NDP motion number 26.

**Mr. Peter Shurman:** Recorded, please.

**The Vice-Chair (Mrs. Laura Albanese):** Recorded vote.

**Ayes**

Prue, Shurman.

**Nays**

Crozier, Flynn, McNeely, Sousa, Zimmer.



**The Vice-Chair (Mrs. Laura Albanese):** I declare the motion lost.

We now move to consider NDP motion number 27.

**Mr. Michael Prue:** Yes, thank you very much. I move that clause 3(3)(d) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out.

By way of explanation, if I can explain this—and I must state at the outset, I believe that this is similar to government motion 28. I think it would have the same purported effect.

The reason we are moving this is to delete the establishment of time limits for phases of an inquiry and the termination provision.

The provision for time limits with respect to phases of a public inquiry is inappropriate and undesirable. It is vital discretion of the commissioner to control the sequencing and method of the calling of evidence. Issues and information may arise in the course of the pre-hearing investigation or during the hearings themselves that require discrete but important choices on the part of the commissioner on how to organize the inquiry and its hearings.

In addition, there is the prospect that the order in council setting time limits for phases at the outset would call for the delineation of the phases of the inquiry and, as such, a potential infringement by the Lieutenant Governor in Council on the discretion of the commissioner to conceptualize and implement the inquiry as demanded by the circumstances of investigation.

What we're trying to do is unfetter the commissioner and not put any roadblocks that are set up in advance by the cabinet.

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments? Yes, Mr. Zimmer?

**Mr. David Zimmer:** We will not be supporting this. I mean, the whole rationale and direction that we want to move in is that the government believes that in fact inquiries should have delivery dates in their reports so that the subject matter of the inquiry can be brought forward and recommendations and other things contained in that report be dealt with. It is good practice to set out a timetable for when an inquiry should report.

**The Vice-Chair (Mrs. Laura Albanese):** Further comments? Seeing none, I will move to the vote on NDP motion number 27.

**Mr. Peter Shurman:** Recorded vote

**Ayes**

Prue.

**Nays**

Crozier, Flynn, McNeely, Sousa, Zimmer.

**The Vice-Chair (Mrs. Laura Albanese):** I declare the motion lost.

We shall move on to government motion number 28.

**Mr. David Zimmer:** I move that clause 3(3)(d) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

“(d) fix the date for the delivery of the commission’s report;”

**The Vice-Chair (Mrs. Laura Albanese):** Any comments, questions? Mr. Prue.

**Mr. Michael Prue:** He just spoke against my motion, which did almost exactly the same thing, other than fixing the date. Why is this so significantly different that you now want to support this one? I’m just curious.

**Mr. David Zimmer:** We are responding to stakeholder input on this issue.

**Mr. Michael Prue:** And I did not? I don’t know what that wink was, Madam Chair.

If I could just speak to this, I think that, other than setting the time frame, this does exactly the same thing: It strikes out the same section; it takes the same actions. The only thing that appears to have occurred in this is fixing the date for the delivery, which is the final instalment of the date. I understand that, but what it does not do is what the member argued against my motion: the setting up of time frames and parameters for the commission. It does not do that. It simply sets a final date and allows free latitude. I think it’s not quite as expansive as the motion that I attempted to make, but I fail to see, in spite of the wink, how this is any different than the motion that was made before or how the rationale that was given for voting against the one before cannot be possibly apply here, because it does.

**Mr. David Zimmer:** First of all, that was not a wink. I have an eye problem in one eye—

**Mr. Michael Prue:** Oh, you have an astigmatism? Okay, all right.

**Mr. David Zimmer:** No, I have glaucoma, and it bothers me sometimes.

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments? Seeing none, a recorded vote.

**Ayes**

Crozier, Flynn, McNeely, Sousa, Zimmer.

**Nays**

Prue, Shurman.

**The Vice-Chair (Mrs. Laura Albanese):** Carried.

I will move on now to the consideration of NDP motion number 29. Mr. Prue.

**Mr. Michael Prue:** I move that section 3 of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be amended by adding the following subsection:

“Same, time for report

“(3.1) In the order establishing a commission, the Lieutenant Governor in Council may fix a date for the commission’s report.”

I think I just, in a nutshell, have done exactly what Mr. Zimmer was suggesting in his last motion.

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments? Seeing none, I call the vote on NDP motion number 29. It will be a recorded vote.

**Ayes**

Prue.

**Nays**

Crozier, Flynn, McNeely, Sousa, Zimmer.

**The Vice-Chair (Mrs. Laura Albanese):** I declare the motion lost.

We'll now consider—

**Mr. Bruce Crozier:** Chair, is my hearing going or did you call Mr. Shurman's name when he had his hand up?

**Mr. Peter Shurman:** He's done that twice.

**Mr. Bruce Crozier:** Yes, and on the vote before.

**The Clerk of the Committee (Mr. William Short):** Sorry did I miss you?

**Mr. Peter Shurman:** Yes.

**The Clerk of the Committee (Mr. William Short):** I apologize—

**Mr. Bruce Crozier:** On the previous vote as well.

**Mr. Peter Shurman:** You'll have to make your head look left, even though I appear right.

**Mr. Bruce Crozier:** I just thought maybe it was my hearing the first time.

**The Clerk of the Committee (Mr. William Short):** I'm sorry.

**Mr. Peter Shurman:** Thank you, Bruce.

**The Vice-Chair (Mrs. Laura Albanese):** We'll now move to consider NDP motion number 30. Mr. Prue.

**Mr. Michael Prue:** I move that subsection 3(5) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

"Amendment of order

"(5) The Lieutenant Governor in Council may amend an order establishing a commission to appoint a substitute commissioner if the commissioner is unable to continue to perform his or her duties."

The rationale for this, if I may, is that the breadth of proposed amendments compromises the degree of independence legally required for a commissioner of a public inquiry. A commissioner, once appointed, must be assured—and so must the public, based on the statutory language—that the government will not take steps to replace him or her or to dilute his or her authority through a simple order in council amendment with legislative pre-approval, as set out in subsection 3(5). This is of particular concern for sitting judges.

It is an encroachment on the independence of the commissioner to grant express authority to the Lieutenant Governor in Council, in its sole discretion, to vary the terms of reference of an inquiry while the inquiry is under way and after the commission has entered into an investigation into potentially difficult and embarrassing affairs of government. The provision for this power in the

act undermines the extraordinary character of, and indeed may make routine, any consideration of a decision by the Lieutenant Governor in Council to exercise this controversial power in the course of an inquiry. As such, it poses a significant threat to the independence of any inquiry under this act as drafted.

Therefore, we would ask that you support motion 30 to make sure that doesn't happen.

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments? Seeing none, we will proceed to a recorded vote on NDP motion 30.

**Ayes**

Prue.

**Nays**

Crozier, Flynn, McNeely, Shurman, Sousa, Zimmer.

**The Vice-Chair (Mrs. Laura Albanese):** I declare the motion lost.

We'll proceed now to consider NDP motion 31. Mr. Prue.

**Mr. Michael Prue:** I move that subsection 3(6) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out.

By reason of rationale, the provision is unnecessary in light of the existing authority of the Lieutenant Governor in Council to terminate an inquiry by passing another order in council or by revoking the original order establishing the inquiry.

**The Vice-Chair (Mrs. Laura Albanese):** Any comments? Seeing none, I'll call the vote on NDP motion 31.

**Mr. Peter Shurman:** Recorded vote.

**Ayes**

Prue.

**Nays**

Crozier, Flynn, McNeely, Shurman, Sousa, Zimmer.

**The Vice-Chair (Mrs. Laura Albanese):** I declare the motion lost.

We'll now consider government motion 32. Mr. Zimmer.

**Mr. David Zimmer:** I move that subsections 3(5) and (6) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out.

**The Vice-Chair (Mrs. Laura Albanese):** Any questions or comments? Seeing none—

**Mr. Michael Prue:** Can I ask for an explanation how this is any different from what I was attempting to do?

**Mr. David Zimmer:** We are responding to stakeholder input on this.



**Mr. Michael Prue:** And was I not? Can you explain how it is any different? Because maybe I'll support you if it is.

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments?

**Mr. Michael Prue:** Is there no comment? How is it different?

**The Vice-Chair (Mrs. Laura Albanese):** Any further comments? Any further questions?

**Mr. Michael Prue:** This is bizarre, Madam Chair.

**The Vice-Chair (Mrs. Laura Albanese):** Seeing none, we will proceed to the vote on government motion 32.

**Mr. Peter Shurman:** Recorded vote.

#### Ayes

Crozier, Flynn, McNeely, Sousa, Zimmer.

#### Nays

Prue.

**The Vice-Chair (Mrs. Laura Albanese):** I declare the motion carried.

Shall schedule 6, section 3, as amended, carry? Carried.

We will now take a recess and we shall reconvene at 2 this afternoon.

*The committee recessed from 1025 to 1403.*

**The Clerk of the Committee (Mr. William Short):** Good afternoon, honourable members. It is my duty to call upon you to elect an Acting Chair. Are there any nominations?

**Mr. Wayne Arthurs:** I move the name of Mr. Flynn.

**The Clerk of the Committee (Mr. William Short):** Mr. Flynn, do you accept the nomination?

**Mr. Kevin Daniel Flynn:** I do.

**The Clerk of the Committee (Mr. William Short):** Seeing no further nominations, I declare the nominations closed and Mr. Flynn Acting Chair of the committee.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Members will refer to what is, in their package, 71.1 and 71.2. They are being distributed to you. This was passed by the House just recently, so they've been added to the amendment package, which allowed for their introduction after the deadline.

**Mr. Michael Prue:** Where are those?

**The Acting Chair (Mr. Kevin Daniel Flynn):** They should be in order, Michael, 71.1 and 71.2.

**Mr. Michael Prue:** Thank you.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Let's get started, then, where we left off this morning.

Schedule 6, section 4: Shall schedule 6, section 4, carry?

**Mr. Peter Shurman:** Recorded vote.

#### Ayes

Arthurs, McNeely, Sousa, Zimmer.

#### Nays

Prue, Shurman.

**The Acting Chair (Mr. Kevin Daniel Flynn):** That motion is carried.

Moving on to schedule 6, section 5, a Liberal motion on page 33.

**Mr. David Zimmer:** I move that clause 5(b) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

"(b) ensure that its public inquiry is conducted effectively, expeditiously, and in accordance with the principle of proportionality; and"

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any comments? Seeing none, all those in favour? Those opposed? That motion is carried.

Shall schedule 6, section 5, as amended, carry?

**Mr. Peter Shurman:** Recorded vote.

#### Ayes

Arthurs, McNeely, Prue, Sousa, Zimmer.

#### Nays

Shurman.

**The Acting Chair (Mr. Kevin Daniel Flynn):** That motion is carried.

Schedule 6, section 6: Shall schedule 6, section 6, carry? Those in favour? Those opposed? Carried.

Schedule 6, section 7: Shall schedule 6, section 7, carry? Those in favour? Those opposed? That is also carried.

Moving on to schedule 6, section 8: Shall schedule 6, section 8, carry? Those in favour? Those opposed? That is carried.

Schedule 6, section 9: We have some amendments, starting with number 34, the NDP.

**Mr. Michael Prue:** I move that subsection 9(1) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be amended by adding "and" at the end of clause (d) and by striking out clause (e).

If I can, by way of explanation, we believe there is a possibility of judicial review if a commission fails to exercise a duty to take into account factual summaries prepared by a participant. This, in turn, opens up the possibility of increased litigation against inquiries and can be counterproductive. It is open to a commissioner in his or her discretion to accept summaries, but this provision does more harm than good. Hence, we are asking to amend by adding "and" at the end of clause (d) and by striking out clause (e).

**The Acting Chair (Mr. Kevin Daniel Flynn):** Speakers?

**Mr. David Zimmer:** We're happy to support this.

**Mr. Michael Prue:** Whoa. My goodness.

**The Acting Chair (Mr. Kevin Daniel Flynn):** We have a winner.

**Mr. Michael Prue:** My heart. Can it take it?

**The Acting Chair (Mr. Kevin Daniel Flynn):** Well, let's have the vote quickly. Any further comments? All those in favour? All those opposed? That is carried.

Moving on, then, to the amendment on page 35 of your package.

1410

**Mr. David Zimmer:** I move that subsection 9(1) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be amended by striking out "and" at the end of clause (e), by adding "and" at the end of clause (f) and by adding the following clause:

"(g) any other document or information, if referral to and reliance on the document or information would promote the efficient and expeditious conduct of the public inquiry."

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any comment? Any other speakers? Those in favour? Those opposed? That motion is carried.

Moving on to 36: Mr. Zimmer.

**Mr. David Zimmer:** I move that subsection 9(2) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be amended by striking out "an existing record" and substituting "a record."

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Seeing none, those in favour? Those opposed? That is carried.

Shall schedule 6, section 9, as amended, carry? Those in favour? Those opposed? That is carried.

Moving on to schedule 6, section 10, we have amendment 37. Mr. Zimmer.

**Mr. David Zimmer:** I move that subsection 10(3) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

"Confidential information

"(3) Subject to the order establishing it and despite any other act, a commission may require the provision or production of information that is considered confidential or inadmissible under another act or a regulation and that information shall be disclosed to the commission for the purposes of the public inquiry."

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Comment? Seeing none, those in favour? Those opposed? That is carried.

Shall schedule 6, section 10, as amended, carry? Those in favour? Those opposed? That's carried.

Moving on to schedule 6, section 11: Shall schedule 6, section 11, carry? Those opposed? That's carried.

Schedule 6, section 12: Shall schedule 6, section 12, carry? Those opposed? That's carried.

Schedule 6, section 13: Shall schedule 6, section 13, carry? Those opposed? That's carried.

Schedule 6, section 14: Michael, amendment number 38.

**Mr. Michael Prue:** I move that subsection 14(1) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

"Holding a hearing

"(1) A commission shall hold a hearing during the public inquiry."

By way of explanation, we think that all inquiries should, by definition, have some public hearings. To do otherwise is to blur the distinction between public inquiries and private investigations or reviews. Further, we believe it unduly binds the commissioner, not having this in here, when he or she may not be in a position to see the utility of public hearings in the investigative circumstances, whether in terms of the evidence itself or the manner in which the government responds to the inquiry. If it's a public inquiry, the public should be invited.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any comments? Seeing none, all those in favour? Those opposed?

**Mr. Michael Prue:** I think it was two to one.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Okay, let's do that again. All those in favour? All those opposed? That's lost.

**Mr. Michael Prue:** Phil, you let me down.

**The Acting Chair (Mr. Kevin Daniel Flynn):** You almost got one through there. You did get one through.

**Mr. Michael Prue:** I did get one.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Okay, moving on to number 39, subsection 14(3) and (d): Mr. Zimmer.

**Mr. David Zimmer:** I move that clause 14(3)(d) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

"(d) a person's privacy, security or financial interest".

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any comments? Seeing none, all those in favour? Those opposed? That is carried.

Shall schedule 6, section 14, as amended, carry? Those opposed? That's carried.

Schedule 6, section 15: Michael, number 40.

**Mr. Michael Prue:** One minute. That's number 40?

**The Acting Chair (Mr. Kevin Daniel Flynn):** Yes. Subsection 15.

**Mr. Michael Prue:** I move that section 15 of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be amended by adding the following subsection:

"Right to participate

"(0.1) A commission shall accord to any person who satisfies it that the person has a substantial and direct interest in the subject matter of the public inquiry an opportunity to participate in the inquiry."

By way of explanation, clause 15(2)(a) removes the right of standing by persons with a substantial and direct interest, subsection 5(1) of the existing Public Inquiries Act, and replaces it with a discretionary grant. This suggests a significant encroachment on the long-standing right of a person whose interest is affected by an inquiry



to participate in the inquiry process. The present language of subsection 5(1) in the act, which has a reasonable degree of clarity and certainty based on extensive jurisprudence, should be retained.

What we are trying to do here is retain the right of people to make public deputations, to come before the inquiry and to be heard.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you, Michael. Any further comments?

Seeing none, all those in favour? Those opposed? That motion loses.

Moving on to number 41. Michael?

**Mr. Michael Prue:** My goodness. Okay, number 41: I move that clause 15(1)(a) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

“(a) whether a person, other than a person described in subsection (0.1), can participate in the public inquiry;”

If I may, that pretty much follows from above, which the government has already thought not important, to allow people to appear or to give them the same rights as currently exist.

**The Acting Chair (Mr. Kevin Daniel Flynn):** I wanted to give you the opportunity to explain yourself, but you're right: Had 40 passed, this would have been in order. Seeing as 40 has not passed, it is actually out of order.

**Mr. Michael Prue:** Okay. Why didn't you rule that? If you had, I wouldn't have even read it.

**The Acting Chair (Mr. Kevin Daniel Flynn):** But you were doing so well, and you were doing such an eloquent job.

**Mr. David Zimmer:** I'm sorry, Chair. I missed part of what you—

**The Acting Chair (Mr. Kevin Daniel Flynn):** In order for the amendment that Mr. Prue just put forward to be in order—number 41—number 40 would have had to have previously carried.

**Mr. David Zimmer:** All right. Forty-one is out of order, then.

**The Acting Chair (Mr. Kevin Daniel Flynn):** That's right.

Does the same apply to 42 or not? No? Michael, 42 is yours.

**Mr. Michael Prue:** It does not apply to 42? My goodness, I would have thought it did, but thank you for that ruling.

I move that clause 15(2)(a) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out.

Again, that is in order to allow full public participation and for those who have meaningful things to say, to say them.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Further speakers? Seeing none, those in favour? Those opposed? That motion is lost.

Moving on to number 43: Mr. Zimmer.

**Mr. David Zimmer:** I move that clause 15(2)(b) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be amended by striking out “of alleged mis-

conduct” and substituting “of a possible finding of misconduct”.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any comment? Seeing none, all those in favour? Those opposed? That motion is carried.

Shall Schedule 6, section 15, as amended, carry? Carried.

Shall Schedule 6, section 16 carry? That's carried.

Schedule 6, section 17: Michael, you've got 44.

**Mr. Michael Prue:** I move that subsection 17(1) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

“Finding of misconduct

“(1) A commission shall not find misconduct by a person, unless,

“(a) reasonable notice of the finding and a summary of the evidence supporting the finding have been given to that person; and

“(b) the person has been given a reasonable opportunity to respond.”

By way of explanation, and I think this is an important one, a commissioner makes findings and recommendations, not allegations. There is significant jurisprudence on this point under the current or extant subsection 5(2) of the existing Public Inquiries Act that should be preserved.

For example, the decision of the Supreme Court of Canada in Canada (Attorney General) v. Canada (Commission of Inquiry on the Blood System), [1997] 3 S.C.R. 440—you all remember that one—says, “its analysis applies also to the Ontario legislation—conveys that a higher level of procedural fairness is owed at the time of a commissioner's final report—when his or her findings and conclusions are delivered to the government and to the public—and not when a notice of possible findings of misconduct is delivered to a person. The purpose of such a notice ... of possible misconduct is to permit the person to respond in the course of the inquiry process. It is therefore circular to require an opportunity to reply prior to a notice (or allegation) of misconduct that itself permits the reply. More broadly, it may be necessary at various stages of an inquiry for a commissioner to ‘allege’ misconduct (usually privately to the person in question and his or her counsel) without ‘finding’ same, and it is not consistent with the fair and expeditious conduct of an inquiry to require the commissioner to provide a specific opportunity for reply at each distinct stage. To avoid unnecessary uncertainty, then, ‘allege’ should be replaced with ‘find.’”

1420

I think once we're treading on this, it is better to exercise caution. We have put this in to make sure that we do not find ourselves in violation of some of the Supreme Court of Canada's decisions.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any further comments?

**Mr. Michael Prue:** Recorded vote, please.

**Ayes**

Prue.

**Nays**

Arthurs, Balkissoon, McNeely, Shurman, Sousa, Zimmer.

**The Acting Chair (Mr. Kevin Daniel Flynn):** That motion is lost.

Moving on to number 45. Mr. Zimmer.

**Mr. David Zimmer:** I move that subsection 17(1) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

“Rights of persons before misconduct found

“(1) A commission shall not find misconduct by a person unless,

“(a) reasonable notice of the possible finding and a summary of the evidence supporting the possible finding have been given to that person; and

“(b) the person has been given a reasonable opportunity to respond.”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any comments? All those in favour? Those opposed? That motion is carried.

Shall schedule 6, section 17, as amended, carry? That motion is carried.

Shall schedule 6, section 18, carry? Those in favour? Those opposed? Carried.

Shall schedule 6, section 19, carry? Those in favour? Those opposed? That is carried.

Moving on to schedule 6, section 20, number 46. Michael?

**Mr. Michael Prue:** I move that subsection 20(1) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

“Commission’s report

“(1) A commission shall deliver its report in writing to the minister and if the order establishing the commission fixes a date for the delivery of the report, the commission shall do so on or before that date.”

By way of explanation, we believe that the provision to terminate a commission is unnecessary in light of the existing authority of the Lieutenant Governor in Council to terminate an inquiry by passing another order in council, or by revoking the original order establishing the inquiry.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Are there further speakers? Seeing none, all those in favour? Those opposed? That motion is lost.

Moving on to number 47. Mr. Zimmer?

**Mr. David Zimmer:** I move that subsection 20(1) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be amended by striking out “for its termination and the delivery of its report” at the end and substituting “for the delivery of its report”.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any comments? Seeing none, all those in favour? Those opposed? That motion is carried.

Michael, you’ve got 48?

**Mr. Michael Prue:** I do indeed. I move that subsection 20(4) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

“Publication

“(4) The minister shall publish the report or an interim report of the commission within a reasonable time after receiving it.”

I believe that this is an important provision.

“Recent experience in the United Kingdom has emphasized the need for a statutory obligation to publish the commissioner’s report. We speak in particular of the UK government’s failure in 2004 to publish in a timely manner a report by former Supreme Court of Canada Justice Peter Cory into alleged state collusion in four killings in Ireland in 1989. The absence of any statutory duty to publish in that context prompted former Justice Cory to release independently portions of his report, unleashing an unfortunate and very much avoidable political controversy.”

First, the Ontario Law Reform Commission Report on Public Inquiries, 1992, recognizes the need to ensure that reports are published to maintain the independence of public inquiries. The minister should not have a discretion whether to publish that report.

Therefore, what we’re saying is, if the report is written, if the report is commissioned to be written, then it has to be published.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you, Michael. Any further comments?

**Mr. Michael Prue:** On a recorded vote, please.

**Ayes**

Prue.

**Nays**

Arthurs, Balkissoon, McNeely, Sousa, Zimmer.

**The Acting Chair (Mr. Kevin Daniel Flynn):** That motion is lost.

Moving on to number 49, Mr. Zimmer.

**Mr. David Zimmer:** I move that subsection 20(4) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

“Unfinished report

“(4) If a commission does not for any reason deliver its report, the minister may publish any unfinished work of the commission, and that work shall be treated as if it had been published by the commission.”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you. Any comments? Michael? Mr. Prue?

**Mr. Michael Prue:** I have to say how bizarre this is. The commissioner finishes the report, but the govern-



ment doesn't have to release it; the commissioner doesn't finish the report and the government can release it, even though it may not constitute what the person who was writing is fully trying to say. They can release a half report; they can release a section of the report; they can take those sections that are favourable to the government versus those that are unfavourable to the government. It does not constitute the report of the commissioner. It should be treated as unfinished work. If it's unfinished, and if you can't and won't release the full report, then you ought not to be able to release part of it when it suits the minister's political ambition or political goals. Absolutely not. This is bizarre.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you, Mr. Prue. Any further speakers? Seeing none—

**Mr. Michael Prue:** A recorded vote, please.

**Ayes**

Arthurs, Balkissoon, McNeely, Sousa, Zimmer.

**Nays**

Prue.

**Mr. Michael Prue:** I feel like I'm in a UNESCO play.

**The Acting Chair (Mr. Kevin Daniel Flynn):** That's carried.

Shall schedule 6, section 20, as amended, carry? Carried.

Shall schedule 6, section 21, carry? Carried.

Schedule 6, section 22, NDP amendment number 50: Mr. Prue.

**Mr. Michael Prue:** I move that subsection 22(1) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be amended by striking out "other than a proceeding under the Criminal Code (Canada)" at the end.

By way of explanation, the express subjection of a commissioner to compellability in a criminal proceeding raises unnecessarily the concern that the commissioner may be confronted with pressure via threats of a criminal investigation, whether against him or her directly or against a member of his or her staff, during an inquiry. Commission counsel are concerned that compellability of commission counsel and staff would result in a failure of participants to co-operate with commission counsel, and significantly undermine the effectiveness of the public inquiries.

Hence, we are putting this forward in order to make sure that the public inquiry acts in a way that is beneficial to the purpose for which it had been set up.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you. Any further speakers?

Seeing none, those in favour? Those opposed? That motion is lost.

Number 51, Michael?

**Mr. Michael Prue:** I move that subsection 22(2) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out.

By way of explanation, and this is a long one: "The significant issues regarding confidentiality are covered by the deemed undertaking. The prohibition is likely to have uncertain consequences and is unnecessarily broad. For example, as drafted, it precludes commissioners from answering an allegation, after the inquiry, that the commissioner failed to make public information that was allegedly relevant to the inquiry and that this undermines the commissioner's findings and conclusions. In this circumstance and others, a commissioner or member of his or her staff may have sound reason to disclose innocuous information that was obtained by the inquiry and not made public, particularly in matters of government decision-making, where it relates to the purposes of the inquiry. At the least, this provision should be limited to the disclosure of information about an individual that is of a private and confidential nature. Otherwise, the provision warrants the inappropriate muzzling of all those associated with an inquiry, including the commissioner."

That's why we're asking that it be struck out.

1430

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any further speakers?

**Mr. David Zimmer:** Our position is that an explicit confidentiality provision does contribute to the integrity of the public inquiry process. I should point out that similar confidentiality obligations exist in the Auditor General Act, the Ombudsman Act and under the Freedom of Information and Protection of Privacy Act.

We are not able to support this.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any further speakers? All those in favour? Those opposed? The motion loses.

Moving on to 52, Mr. Zimmer.

**Mr. David Zimmer:** I move that clause 22(2)(b) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

"(b) disclose to any person after the delivery of the commission's report any information obtained in the public inquiry, except information otherwise available to the public."

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Seeing none, all those in favour? Those opposed? That carries.

Moving on to 53, Mr. Zimmer.

**Mr. David Zimmer:** I move that section 22 of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be amended by adding the following subsection:

"Exception

"(3) Subsection (2) does not apply if the disclosure is in relation to any action, application or other legal proceeding to which the commission is a party."

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Seeing none, all those in favour? Those opposed? That motion is carried.

Shall schedule 6, section 22, as amended, carry? Those opposed? That's carried.

Shall schedule 6, section 23, carry? Those opposed? That's carried.

Shall schedule 6, section 24, carry? Those opposed? That is carried.

Moving on to schedule 6, section 25, Mr. Zimmer: number 54.

**Mr. David Zimmer:** I move that the heading immediately before section 25 of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

“Financial and administrative matters.”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? All those in favour? Those opposed? That motion is carried.

Moving on to the NDP motion, 55. Michael?

**Mr. Michael Prue:** I move that subsection 25(1) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

“Commission budget

“(1) The commission shall prepare a budget for the conduct of a public inquiry and submit it to the minister.”

The rationale for doing this: It should be the commission and not the minister who sets the budget. The minister will retain the right by way of this motion to look at the budget and to approve or disapprove of the budgetary request. The importance of the commission establishing its own budget is that the commission would then have the necessary monies and the necessary authorities to conduct the commission in a way that they deem appropriate or the commissioner deems appropriate. This will, in turn, stop the minister from participating in or supervising directly the planning and conduct of the inquiry because oftentimes it is to do with the minister or the minister’s staff themselves.

To avoid undermining a commissioner’s independence in this fundamental way, section 25 should be modified, as we have suggested. It leaves the authority with the commissioner to establish the budget. It leaves the safety valve of the minister having to approve or disapprove it, and it makes sure that the conduct is not within the minister’s purview but is in fact with the commissioner.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any further speakers? Seeing none—

**Mr. Michael Prue:** Recorded vote, please.

Ayes

Prue.

Nays

Arthurs, Balkissoon, McNeely, Sousa, Zimmer.

**The Acting Chair (Mr. Kevin Daniel Flynn):** That motion loses.

Moving on to 56, Mr. Zimmer.

**Mr. David Zimmer:** I move that subsection 25(1) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be amended by striking out “prepare” and substituting “set.”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Seeing none, those in favour? Those opposed? That motion is carried.

Moving on to number 57: Michael.

**Mr. Michael Prue:** I move that subsections 25(3) and (4) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

“Revised budget

“(3) The commission shall revise the budget for the commission if it is necessary to do so to accommodate any change in circumstances.”

If I can, that’s what we were trying to say before: leaving that option available to the commission as it undertakes the study rather than returning it to the minister, who could say, “No, this is getting too hot, and we’re going to shut it down by not providing the necessary funds.”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any further speakers? Seeing none, all those in favour? Those opposed? That loses.

Moving on to number 58: Mr. Zimmer.

**Mr. David Zimmer:** I move that subsection 25(3) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be amended by striking out “including a revision of the order establishing the commission” at the end.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Mr. Prue.

**Mr. Michael Prue:** I cannot support this. It’s problematic in that it still continues to allow the minister to revise the budget. As per the comments that I’ve made on the last couple, I do not believe the minister should be in a position to revise the budget, because the revision of the budget can circumscribe the ability of the commission or the commissioner to do what is necessary to get to the bottom of a matter.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any further speakers? Seeing none, all those in favour? Those opposed? That motion carries.

Moving on to number 59: Mr. Zimmer.

**Mr. David Zimmer:** I move that subsections 25(4) and (5) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

“Future financial commitments

“(4) A commission has no capacity to make any financial commitments for expenditures in respect of activities after the date for the delivery of the commission’s report.

“Exception, legal proceedings

“(5) Subsection (4) does not apply to expenditures arising from any action, application or other legal proceeding to which the commission is a party.

“Funding information not privileged, confidential

“(6) No privilege or confidentiality applies to information on any funding provided to a participant by the government of Ontario, including the existence of any funding and its nature, rate and amount.

“Funding information not personal information



“(7) Despite the Freedom of Information and Protection of Privacy Act, the information described in subsection (6) is not personal information within the meaning of that act.”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Seeing none, all those in favour? Those opposed? That motion is carried.

Shall schedule 6, section 25, as amended, carry? Those in favour? Those opposed? That is carried.

Moving on to schedule 6, section 26: Michael, NDP amendment 60.

**Mr. Michael Prue:** I move that subsection 26(3) of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out.

By way of explanation, persons employed by the commissioner should not operate with the expectation or aspiration of continuing their work after the inquiry at the minister's discretion.

Although this possibility always exists, posing always the danger that inquiry staff may report effectively to two paymasters, the inclusion of an express ministerial authority on this point invites inquiry staff to pursue further employment by the minister, especially in the later or latter stages of an inquiry.

Given that these are the stages at which key decisions about the content of the commissioner's report will be made, a risk is created of an unfortunate perception that the commissioner, especially a sitting judge who is himself or herself protected by secure tenure and other institutional safeguards of judicial independence, may be swayed or otherwise served inappropriately by his or her staff.

It is a matter of perception here. This motion, we believe, by striking this out, will safeguard the public perception that people have of commissioners, particularly those who exercise normally a judicial role.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you. Further speakers?

**Mr. David Zimmer:** Mr. Prue, you've persuaded us on this. We're happy to support it.

**Mr. Michael Prue:** There's two.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Some sort of record.

All those in favour? All those opposed? Hey, there we go. That carries.

Moving on to number 61: Mr. Zimmer.

**Mr. David Zimmer:** Chair, in view of the decision on motion 60, I'm asking that this government motion 61 be withdrawn.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you. That's withdrawn.

Shall schedule 6, section 26, as amended, carry? Those opposed? That's carried.

Section 26.1: Mr. Zimmer.

**Mr. David Zimmer:** I move that the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be amended by adding the following section:

“Administrative information

“26.1(1) A commission and the minister may at any time, or shall on the request of either, share with each other administrative information relating to the commission and the public inquiry, including information respecting,

“(a) the budget for the commission;

“(b) the commission's actual and projected expenditures;

“(c) the timing and progress of the public inquiry; and

“(d) the production and delivery of the commission's report.

“Excluded information

“(2) Nothing in subsection (1) authorizes the provision of information respecting the substance of the deliberations of the commission in the public inquiry or the contents of the commission's report.”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you. Any speakers? Seeing none, those in favour? Those opposed? That is carried.

Moving on, then, to schedule 6, section 27. We have no amendments right through to schedule 6, section 90. Will we carry those inclusively? Those in favour? Those opposed? They're carried.

We're on to schedule 6, section 91. We've got a Liberal motion, number 63.

**Mr. David Zimmer:** I move that section 91 of the Public Inquiries Act, 2009, as set out in schedule 6 to the bill, be struck out and the following substituted:

“Commencement

“91. The Act set out in this schedule comes into force on a day to be named by proclamation of the Lieutenant Governor.”

**The Chair (Mr. Kevin Daniel Flynn):** Thank you. Any speakers? Seeing none, all those in favour? Those opposed? That is carried.

Shall schedule 6, section 91, as amended, carry? Those opposed? That is carried.

Shall schedule 6, section 92, carry? Those in favour? Those opposed? That is carried.

Shall schedule 6, as amended, carry? Those opposed? That is carried.

Moving now on to schedule 7: Sections 1 through 4 have no motions or amendments. We'll deal with them all at once. All those in favour? Those opposed? They are carried.

Shall schedule 7 carry? Those in favour? Those opposed? That is carried.

Moving on to schedule 8: Schedule 8, sections 1 to 19, there are no amendments. Can we deal with them inclusively? Those in favour? Those opposed? They are carried.

Moving on to schedule 8, section 20: amendment number 64, Mr. Zimmer.

**Mr. David Zimmer:** I move that clause 35.1(3)(a) of the Social Work and Social Service Work Act, 1998, as set out in subsection 20(10) of schedule 8 to the bill, be struck out and the following substituted:

“(a) require the member to submit to a physical or mental examination, or to both, which shall be conducted

or ordered by a qualified professional specified by the committee; and”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you. Any speakers? Seeing none, those in favour? Those opposed? That is carried.

Shall schedule 8, section 20, as amended, carry? Those in favour? Those opposed? That is carried.

Schedule 8, section 21, is the last one in schedule 8. Shall schedule 8, section 21, carry? Those in favour? Those opposed? That's carried.

Shall schedule 8, as amended, carry? Those in favour? Those opposed? That's carried.

Moving on to schedule 9: sections 1 to 12, inclusive. Those in favour? Those opposed? They are carried.

Shall schedule 9 carry? Those opposed? That is carried.

Moving on to schedule 10: no amendments from section 1 right through 16, inclusive. Those in favour? Those opposed? That is carried.

Shall schedule 10 carry? Those opposed? That is carried.

Schedule 11, 1 through 11: We'll deal with those inclusively. Those in favour? Those opposed? That is carried.

Shall schedule 11 carry? Those in favour? Those opposed? That's carried.

Schedule 12 now: section 1, number 65, Mr. Zimmer.

**Mr. David Zimmer:** I move that section 5 of the Development Corporations Act, as set out in subsection 1(2) of schedule 12 to the bill, be amended by adding the following subsection:

“Limitation re constituting non-development corporations

“(6) The Lieutenant Governor in Council shall not, after June 30, 2011, constitute a new corporation that is not a development corporation by a regulation made under subsection (1).”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Mr. Shurman and then Mr. Prue.

**Mr. Peter Shurman:** I would like to know if there is someone with us who could provide clarification as to the practical impact of this amendment.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Okay, thank you. Let's hear from Michael first and see if he's got the same question.

**Mr. Michael Prue:** I want to know, if this is a good regulation, why we have to wait until June 30, 2011. Why is it that the Lieutenant Governor in Council will have the right to do so up until that point and thereafter be forbidden to do so? If it's obviously not the right thing to do, why are they waiting that long?

**The Acting Chair (Mr. Kevin Daniel Flynn):** Perhaps we can get both questions answered at the same time. Mr. Zimmer, do you have anyone to assist you or are you prepared to answer them?

**Mr. David Zimmer:** In the current fiscal climate, the government faces increasingly tough decisions and challenges. In order to effectively respond to these challenges it's necessary for the government to have con-

tinued flexibility to do its job. We have time-limited the provision with respect to new non-development corporations to June 30, 2011, to ensure that the government can respond effectively to current challenges but without enabling governments to constitute non-development corporations by regulation indefinitely into the future. The sunset date—that is, June 30, 2011—allows for a full fiscal cycle within which to consider whether there is any need to constitute new non-development corporations in the current environment.

If you'd like a more fulsome explanation—  
*Interjection.*

**The Acting Chair (Mr. Kevin Daniel Flynn):** Did you have someone to bring forward on this, David?

**Mr. David Zimmer:** Do you want something—

**Mr. Michael Prue:** I think that my colleague has already asked for someone to do that. Quite frankly, I'm not sure of the date.

**The Acting Chair (Mr. Kevin Daniel Flynn):** All right. Maybe we'll give—

**Mr. David Zimmer:** Have a seat, and if you would introduce yourselves by name and title.

**The Acting Chair (Mr. Kevin Daniel Flynn):** I think, just as you were coming in, Mr. Shurman asked what the practical implications of this amendment are and Mr. Prue was asking more specifically about the date.

**Mr. Paul Korn:** I'm Paul Korn, senior counsel.

**Mr. Tim Hadwen:** And I'm Tim Hadwen. I'm a legal director. We're both with the Ministry of the Attorney General.

**Mr. Peter Shurman:** Would you like me to repeat my question? I've asked it and Mr. Flynn has asked it. I just want to know, what is the practical implication or impact of this change?

**Mr. Tim Hadwen:** By “this change,” are we talking about the amendment dealing with the time limit?

**Mr. Peter Shurman:** That's a question that Mr. Prue has asked. I want to know what we're doing here overall. What is it we're contemplating with the change in the act to begin with? Then you can go ahead and answer the other question.

1450

**Mr. Paul Korn:** Okay. Generally speaking, the amendments are intended to clarify the government's existing power to constitute corporations by regulation. The current section hasn't been amended since it was first enacted in 1973, and these amendments are intended to clarify the existing power in a manner consistent with how the act has been used by various governments since 1973.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Mr. Prue, you wanted some information specifically on the date.

**Mr. Michael Prue:** Yes. I've heard the explanation, but I don't really understand. If that is the government's intent, why is it that it's going to take until June 2011 to have the government get out of that kind of business? Why is the government going to continue doing what it's



doing at the present time if they've already acknowledged they ought not to be doing it?

**Mr. Paul Korn:** The government requires continued flexibility in the current fiscal environment, but past that point in time, it doesn't anticipate needing that same degree of flexibility.

**Ms. Catherine Brown:** I can also add to that. I'm Catherine Brown, the assistant deputy minister for corporate policy with MGS. The sunset date also allows a full fiscal cycle for these provisions to be utilized and to determine the application and utilization of them. That's why that particular time frame has been suggested, rather than leaving it there in perpetuity to determine the application of those provisions.

**Mr. Michael Prue:** Is the fiscal cycle not over in March?

**Ms. Catherine Brown:** It is, but it allows for the beginning of that fiscal cycle to be completed; the end of a fiscal cycle is always March 31, but it often takes the first quarter of the next cycle to make any final determinations coming out of that period. It was chosen for that reason.

**Mr. Michael Prue:** I don't understand why the government needs flexibility. You keep saying that, but what's the flexibility that's required?

**Ms. Catherine Brown:** In order to utilize the legislation to the extent that it's being utilized currently and ensure that the provisions are consistent with its utilization since its inception in 1973.

**Mr. Michael Prue:** Okay, I'm not sure I understand what that means, either.

**Mr. Peter Shurman:** I can pass you the eye-glaze if you need it.

**Mr. Michael Prue:** Yes, you can pass me the eye-glaze. I'm glazed.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Okay, we've had questions. We've had answers. We may not have agreement. Are there any more speakers? Seeing none, all those in favour? Those opposed? That motion is carried.

Shall schedule 12, section 1, as amended, carry? Those in favour? Those opposed? That is carried.

Shall schedule 12, section 2, carry? Those in favour? Those opposed? That's carried.

Shall Schedule 12, as amended, carry? Those in favour? Those opposed? That is carried.

Moving on to 13, there are no amendments. Schedule 13, sections 1 through 9: Shall they carry inclusively? Those in favour? Those opposed? That's carried.

Shall Schedule 13 carry? Those in favour? Those opposed? That's carried.

Moving on to 14: There are no amendments. Shall schedule 14, sections 1 through 4, carry inclusively?

Those opposed? That's carried.

Shall schedule 14 carry? Those opposed? Carried.

Shall schedule 15, section 1, carry? Carried.

Moving on to schedule 15, section 2: The first amendment is yours, Michael: number 66.

**Mr. Michael Prue:** I move that subsection 2(2) of schedule 15 to the bill be struck out.

I note that this is identical wording to a government motion. We are doing this in part because of the request made by Conservation Ontario to maintain the highly dependent relationship they have between local stakeholders.

**Mr. David Zimmer:** We see the wisdom in this and are prepared to support this.

**The Acting Chair (Mr. Kevin Daniel Flynn):** You're starting to think alike.

**Mr. Michael Prue:** I'm not sure, if the wording hadn't been identical.

**The Acting Chair (Mr. Kevin Daniel Flynn):** That's three now, Michael. You're on a roll. You'll be getting in the hall of fame in a minute.

Schedule 15, section 2, number 66: Shall that carry? Those opposed? That's carried.

Are you going to withdraw 67, Mr. Zimmer?

**Mr. David Zimmer:** In view of our decision on 66, I withdraw 67.

**The Acting Chair (Mr. Kevin Daniel Flynn):** It would be out of order in any event.

We move back to you, Michael: number 68.

**Mr. Michael Prue:** I move that subsection 2(3) of schedule 15 to the bill be struck out.  
Same rationale.

**Mr. David Zimmer:** I can support the wisdom behind Mr. Prue's motion.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Those in favour? Those opposed? That is carried.

Does that mean you're taking 69—it's now out of order.

**Mr. David Zimmer:** I'd ask that 69 be withdrawn.

**The Acting Chair (Mr. Kevin Daniel Flynn):** We're going to rename this the "Michael Prue Act."

**Mr. Michael Prue:** I'm not sure.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Number 70: Michael.

**Mr. Michael Prue:** I move that subsection 2(5) of schedule 15 to the bill be struck out.

I note that government motion number 71 says the same thing.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Mr. Zimmer.

**Mr. David Zimmer:** I'm happy to support Mr. Prue's wisdom on this.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Those in favour? Those opposed? That's carried.

That makes 71 out of order.

Shall schedule 15, section 2, as amended, carry? Those in favour? Those opposed? That's carried.

Shall schedule 15, sections 3 to 11, inclusive, carry? Those in favour? Those opposed? They're carried.

Schedule 15—

**Mr. David Zimmer:** Sorry, Chair, just a second. I just want to make sure—

**The Acting Chair (Mr. Kevin Daniel Flynn):** Yeah, we're getting to the new ones now.

**Mr. David Zimmer:** Hold on.

**The Acting Chair (Mr. Kevin Daniel Flynn):** And these apply to—

**Mr. David Zimmer:** Which motion are you about to call?

**The Acting Chair (Mr. Kevin Daniel Flynn):** Right now, we're on schedule 15, section 12. I'm just going to call it without amendments.

All those in favour? Those opposed? That is carried.

Shall schedule 15, as amended, carry? Those opposed? That is carried.

We're dealing with schedule 16 now: sections 1 through 13, inclusively. Those in favour? Those opposed? That is carried.

Shall schedule 16 carry? Those opposed? That is carried.

Moving on to schedule 17, 1 through 14, inclusively: We're dealing with them all at once. Those in favour? Those opposed? They're carried.

Shall schedule 17 carry? Those opposed? That is carried.

Now we're dealing with the insertions—

**The Clerk of the Committee (Mr. William Short):** We're going to go 1 to 11.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Okay. Schedule 18, sections 1 through 11, inclusively: Those in favour? Those opposed? That is carried.

Now we're going to government motion number 71.1: Mr. Zimmer.

**Mr. David Zimmer:** I move that subsection 12(6) of schedule 18 to the bill be struck out.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any comments?

**Mr. Michael Prue:** Go ahead. If not, I would like some comments. I do believe this has something to do with the statement I made this morning about the nurses, does it not?

**The Acting Chair (Mr. Kevin Daniel Flynn):** Somebody is going to come forward and answer that.

**Mr. David Zimmer:** Yes, just a second. I'm providing you with the best possible answers.

**Mr. Michael Prue:** That's the one I want.

1500

**Mr. David Zimmer:** If you would identify yourself and your position.

**Mr. Liam Scott:** Liam Scott, legal counsel, the Ministry of Health and Long-Term Care.

This provision would have purported to repeal subsection 71(3) of the Health Protection and Promotion Act, which would move certain qualifications for public health nurses from the statute to the regulations. So this motion would propose to repeal the repeal of subsection 71(3) of the act.

**Mr. Michael Prue:** And if this motion doesn't succeed and we go with the act, what happens then?

**Mr. Liam Scott:** If the motion is not approved and the section is passed, then the provision actually comes into force on a date by proclamation of the Lieutenant Governor in Council. There is another motion, I believe,

that would also deal with the repeal of the provision that indicates that this provision would come into force at that time.

**Mr. Michael Prue:** But what would happen to the nurses and their qualifications?

**Mr. Liam Scott:** The intent behind this provision is simply to—many of the qualifications of staff of boards of health are listed in the regulations, such as the requirements for medical officers of health, associate medical officers of health, public health dentists and public health nutritionists. This provision would move the current qualifications, which are stated in the statute, to the regulations. Obviously, a subsequent regulation amendment would be required to add them to the regulations.

**Mr. Michael Prue:** And until that took place, they'd have no requirements?

**Mr. Liam Scott:** No, that would not be the case, because subsection 71(2) states that unless qualifications are met that are specified, boards of health cannot hire people. Also, the provision only comes into force on the date that it is proclaimed by the Lieutenant Governor in Council. So until that proclamation takes place, the section is still in force and effect. Therefore, the statutory requirement for nurses to be part of the College of Nurses of Ontario would still be in force and effect until proclaimed.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any further questions? Any further statements?

**Mr. Michael Prue:** There was a flurry of activities over the last day or so, trying to get this motion on, and my discussions with the ONA were that they were very desirous of getting it on. The difficulty that we were not able to move such a motion before this committee, given what had transpired in the House—I think this is a good lesson here, that the House was forced to go back—I believe there was all-party approval; there would have had to be—to seek unanimous consent to allow this motion to come forward. I'm glad it did, but be that and the same, I note that we have a gentleman here from the city of Toronto. He was not nearly so successful in getting the minister's ear, and the city of Toronto has an equally pressing matter which will not get before us today.

I think that too much speed was put into this bill. I congratulate the nurses for getting to the parliamentarians and for cooler heads having prevailed so that there was all-party agreement to allow this to come forward. I'm pleased to support it, but it is problematic to me how fast this bill has gone and the unnecessary speed, which might have caused us to make a very serious and glaring error.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you, Mr. Prue. Any further comments? Dealing with government motion 71.1: Those in favour? Those opposed? That is carried.

Shall schedule 18, section 12, as amended, carry? Those opposed? That is carried.

Schedule 18, dealing inclusively with sections 13 through 34: Those in favour? Those opposed? They are carried.



The new one you have is 71.2: schedule 18, section 35. Mr. Zimmer.

**Mr. David Zimmer:** I move that subsection 35(2) of schedule 18 to the bill be struck out.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Seeing none, all those in favour? Those opposed? That is carried.

We have a comment.

**Mr. Michael Wood:** Michael Wood, legislative counsel. I just wanted to make a comment about subsection 35(1) of the bill. I realize that because of the time allocation motion we cannot bring a further motion before this committee, but I'd just point out that there is a reference to subsection 35(2) in subsection 35(1), and ideally that should be taken out. I wanted to put this comment on the record and perhaps members of committee could indicate whether or not they agree that this is a good thing to do, recognizing that we don't have a motion that can actually do this.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Based on that comment, why don't we take five minutes.

*The committee recessed from 1505 to 1510.*

**The Acting Chair (Mr. Kevin Daniel Flynn):** Okay, we can call back to order again. We've had a chance to have some consultation.

During the recess, as a result of the consultations that have taken place—obviously a change needs to take place; legislative counsel advises it. They will make that change editorially and that's within their powers to do that. Any comments? None?

Shall schedule 18, section 35, as amended, carry? Those in favour? That's carried.

Shall schedule 18, as amended, carry? That's carried.

Moving on to schedule 19, sections 1 and 2, shall they carry? Those opposed? That's carried.

Shall schedule 19 carry? Those in favour? Those opposed? That is carried.

Moving on to schedule 20: no amendments on 1 through 6, inclusive. Those in favour? Those opposed? That is carried.

Shall schedule 20 carry? Those opposed? That is also carried.

Schedule 21, sections 1 through 7: We'll deal with them inclusively. All those in favour? Those opposed? That's carried.

Moving on to section 8, the first one. Mr. Shurman, number 72.

**Mr. Peter Shurman:** I move that section 8 of schedule 21 to the bill be amended by adding the following subsection:

“(14.1) Clause 33(4)(a) of the act is amended by adding ‘on or after June 1’ after ‘on any day’”.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you, Mr. Shurman. Speaking to it?

**Mr. Peter Shurman:** Yes. Shortening the election period by having the start date on June 1 of an election year as opposed to the beginning of January was recommended by the Association of Municipal Managers, Clerks and Treasurers of Ontario, AMCTO, and sup-

ported by AMO. AMCTO feels that this would still be ample time for the formal period to secure funds and it would reduce the drawn-out nomination process, because, as we all know, it is drawn out for a very long time as it is. That's the purpose.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you, Mr. Shurman. Further speakers?

**Mr. David Zimmer:** We're opposing this. Our view is that shortening the campaign period would reduce the time available to non-incumbents to get their names out and become known, and it will place the non-incumbents at a disadvantage relative to incumbent candidates.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you, Mr. Zimmer. Further speakers?

**Mr. Michael Prue:** What effect—either the mover or the government, which is opposed to it—would it have on incumbents being able to use that period beforehand to put out glossy brochures, if they have the money and stuff, particularly money that's left over from the previous campaign? I'm just wondering here—I know the city of Toronto will allow incumbents to send out householders up until August. That's a considerable advantage, which I think they're trying to do away with as we speak here today. How is this provision going to assist or not assist the provision that gives the incumbents the advantage up to June 1?

**The Acting Chair (Mr. Kevin Daniel Flynn):** Mr. Zimmer, would you like to answer that or would you like somebody to come forward?

**Mr. David Zimmer:** I think it's—

**Mr. Peter Shurman:** I can respond from my perspective.

**The Acting Chair (Mr. Kevin Daniel Flynn):** I'm sorry, David. Yes.

**Mr. Peter Shurman:** To coin a phrase, incumbency has its privileges. We've got to draw a line somewhere, and we've stated clearly where we think that line should be.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any further speakers? Seeing none, let's vote on it. All those in favour? Those opposed? That motion loses.

Mr. Shurman, number 73.

**Mr. Peter Shurman:** I move that section 8 of schedule 21 to the bill be amended by adding the following subsection:

“(22.1) Section 45 of the act is amended by adding the following subsection:

“Professional development days in schools

“(1.1) Despite subsection (1), the clerk shall not establish a voting place in a school as defined in the Education Act unless the board as defined in that act having jurisdiction over the school has designated voting day as a professional activity day for the school under that act.”

It is understandable that schools are used as voting locations. They're often the centre points of neighbourhoods. They also have the facilities to allow for voting stations to be set up, mainly in the auditoriums. However, I can also appreciate the concern of parents that outsiders are coming into their children's school while their

children are there. I believe that school security has really increased over the years, and we've all heard some of the very disturbing stories. We really need to ensure that we do everything in our power to protect the safety of our children. It is for this reason that I suggest that we try to coordinate that a PD day, or personal development day, occur on the day of a municipal election. This would allow for municipalities to use the school as a voting location but also put the many concerned parents at ease that their children are not put in any potentially dangerous situations.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you. Speakers?

**Mr. David Zimmer:** We're not able to support this. We've heard from school boards. They've indicated that there are great difficulties in instituting a province-wide common professional activity day.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Mr. Prue?

**Mr. Michael Prue:** I have some difficulty with this as well, because it is very often difficult to find polling stations in locations. The average riding has 80 or 90 or 100 polling stations. It has to be accessible, it has to be visible, it has to be more or less in the centre of where the polls have been drawn, if at all possible, and to remove schools, which are the primary public places, makes it difficult because even if there is a church in the location, most of them wouldn't be accessible; or a Legion hall, which may not be appropriate either.

I do understand the safety aspect; I'm not going to deny that there is one. But, by and large, temporary barriers and security should be enough and have been enough in the past to provide security. Therefore, reluctantly, I cannot support this because I just think the logistics are far too difficult.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you. Are there any further speakers to this?

Seeing none, all those in favour? Those opposed? That motion loses.

Moving on to number 74, Mr. Prue.

1520

**Mr. Michael Prue:** I move that section 8 of schedule 21 to the bill be amended by adding the following subsection:

"(27.1) The act is amended by adding the following section:

"Prohibition: gifts and other advantages

"66.1(1) No candidate shall accept any gift or other advantage that might reasonably be seen to have been given to influence him or her in the performance of his or her duties and functions as an elected official, were the candidate to be elected, during the period that

"(a) begins on the day on which he or she becomes a candidate; and

"(b) ends on the day on which he or she is elected or on polling day in any other case.

"Exception

"(2) A candidate may accept a gift or other advantage that is given by a relative or as a normal expression of courtesy or protocol."

If I could, by way of explanation, gifts of money including loans, property or services that are not used for a campaign, but that could influence a candidate if he/she is elected, must be prohibited as in the federal Canada Elections Act; they have the same provision. We think that the Ontario act should have a similar provision to make sure that no one can cast aspersions following the election.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Further speakers? Mr. Zimmer.

**Mr. David Zimmer:** We're unable to support this. Our position is that the wording is just far too vague. The standard, and I'm quoting from the standard, Mr. Prue's motion, "might reasonably be seen to have been given to influence him or her." That's going to be difficult for candidates to interpret; it's going to be confusing to candidates and electors of candidates receiving campaign contributions of goods and the like. In effect, it's just vague and confusing.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Further speakers? Mr. Prue.

**Mr. Michael Prue:** If it is vague and confusing, it was taken, I think, almost word for word out of the Canada Elections Act; so I don't know. We tried to mirror it. It seems to be working there. It doesn't appear that the government is interested in stopping gifts of money, including loans, property or services.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you, Mr. Prue. Peter?

**Mr. Peter Shurman:** You can appreciate how hard it is, Chair, for me to get these words out, but I agree with the government's position on this.

**The Acting Chair (Mr. Kevin Daniel Flynn):** You get used to it after a while.

Any further speakers to this? Seeing none, all those in favour? Those opposed? That motion loses.

Number 75: Michael.

**Mr. Michael Prue:** I move that section 8 of schedule 21 to the bill be amended by adding the following subsection:

"(34.1) The act is amended by adding the following section:

"Restriction: age of contributor

"70.0.1 An individual is prohibited from making a contribution to or for a candidate unless the individual is at least 18 years old."

The rationale for this: I think we all remember during the leadership contest for the federal Liberals that there was a certain candidate, Mr. Joe Volpe, whose contributions came largely from four- and five-year-olds.

That's true, because what happens is a parent gives thousands of dollars to four- and five- and six- and seven- and eight-year-olds, and says, "Give this money to Mr. Volpe," or to any other candidate, because, quite literally, it could be anyone, and then that money, which is really from the parent and not from the child, ends up in the coffers of the campaign.

What this is intended to do is to say that a person must be of voting age. Now, we didn't say they have to be an



elector, because there are many people who cannot be electors. They could be prohibited from electing. They could be an immigrant who has not yet become a citizen. They could be literally anyone, and we want to open up that process and allow people who might not be allowed to vote, but we do think that they need to be adults. We do think that they have to have an age of reason, if they have that kind of money, that they would reasonably want to give it to a candidate, not be instructed to give it by his or her parent.

We want to make sure that what happened to Mr. Volpe, and in turn, what happened to the Canadian electoral process, is not something that happens here in Ontario in the future. We think this is a very important provision. It may seem rather funny, and indeed it was. I don't think it was that funny to Mr. Volpe—

**Mr. Peter Shurman:** Not that funny.

**Mr. Michael Prue:** Not to Mr. Volpe when he got discovered, but the public expects that loopholes such as this will be closed and that money won't be funnelled through children.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Further speakers?

**Mr. Michael Prue:** A recorded vote, please.

#### Ayes

Prue.

#### Nays

Arthurs, Balkissoon, McNeely, Shurman, Sousa, Zimmer.

**The Acting Chair (Mr. Kevin Daniel Flynn):** That motion loses.

Moving on to 76: Michael.

**Mr. Michael Prue:** I move that section 8 of schedule 21 to the bill be amended by adding the following subsection:

“(34.2) The act is amended by adding the following section:

“Prohibition: contributions from corporations, etc.

“70.0.2(1) The following persons and entities are prohibited from making a contribution to or for any candidate:

“1. A corporation that carries on business in Ontario.

“2. A trade union that holds bargaining rights for employees in Ontario.

“3. Any other organization that engages in activities in Ontario.”

“Same

“(2) Subsection (1) prevails over paragraphs 2 and 3 of subsection 70(3).”

By way of explanation, if I could, the federal government already has an identical provision, as do the provinces of Quebec and Manitoba. I'm not sure; there may be others as well. They have this provision in order to make sure that the electoral process is run and contributions are made by ordinary people, not people who

are seeking influence for their union or for their corporation. It is much easier to enforce than the \$5,000 limits that have been proposed in this bill, and much more effective.

The problem of developer domination of municipal councils has been well documented. There's a professor at York University, Professor MacDermid, who every year after election points out the amount of developer funding: a high, I believe, in Pickering, where Mr. Arthurs was once the mayor; followed very closely by the city of Vaughan; and then reaching its nadir in Toronto, where it's only some 17%. At least 50% of the 2006 municipal election donations in Pickering, Vaughan, Richmond Hill, Brampton, Oshawa, Whitby and Mississauga came from corporations and developers. A lot of people have problems with this. Candidates with developer backing are much more likely to win the elections, and we can see that that happened in literally every single location.

All of Ontarians have the right to fair and unbiased municipal election results that serve the interests of their communities, not private interests. Developer-beholden city councils are unlikely to ban corporate donations. We can see that's happening right across the province and even the difficulty a municipality like Toronto is having with its debate, which is going on as we speak, on this very issue.

Election financing laws in Manitoba and Quebec already ban union and corporate donations, while providing political parties with modest financial compensation based on the number of votes cast for party candidates.

The only rationale we have heard to date for the government party not going along with this came from Minister Watson, who stated that it would be hypocritical to ban corporate donations because they are allowed at the provincial level. With the greatest respect, I want them banned at the provincial level, too, but we have to start somewhere. If that's the only rationale for doing this, then it's not a good rationale.

The city of Toronto, the largest city in the province and the largest city in the country, as I've said, is trying to do exactly that, ban them so they can fall in line with what is happening federally and provincially in at least two other jurisdictions on our borders. In other words, because corporations are able to exert undue influence at the provincial level, they should be allowed to do so at the municipal level. Those who understand this do not believe that this is a good rationale.

We believe very strongly that the municipalities and later, in very fast course, the province also should ban them to put elections on a level playing field for all candidates. Otherwise, we might as well just sit here and rubber-stamp that people will be elected time after time after time and that incumbency, as my colleague Mr. Shurman said, has its privilege. The privilege is it's almost impossible for you to be beaten in an election.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any further speakers?

**Mr. David Zimmer:** Briefly, the proposed definition in this amendment includes “any other organization that

engages in activities in Ontario.” That’s too vague; that’s too drastic. The fact is, we’ve strengthened the transparency and accountability provisions here. Again, it is inconsistent with the provincial election finances, which do permit contributions by those groups. Thank you.

1530

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you, Mr. Zimmer.

**Mr. Michael Prue:** On a recorded vote.

Ayes

Prue.

Nays

Balkissoon, McNeely, Shurman, Sousa, Zimmer.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you. That motion loses.

Moving on to number 77: Michael.

**Mr. Michael Prue:** I move that subsection 71(2.1) of the Municipal Elections Act, 1996, as set out in subsection 8(35) of schedule 21 to the bill, be amended by striking out “\$5,000” and substituting “\$1,500”.

The rationale would be very simple: \$5,000 is too high, especially in small municipalities. We believe a \$5,000 combined total limit must be lowered to \$1,500 because in a small municipality—some of which only have five councillors or seven councillors plus a mayor or reeve—you can literally make the maximum donation to an entire council. We think that ought not to be allowed to happen, because it will ensure that the entire council is beholden to the person who has \$5,000 by financing large portions of literally everybody’s campaign.

The Canada Elections Act limits donations in any calendar year to a candidate for a particular election to \$1,000 in total: “in any calendar year to the registered associations, nomination contestants and candidates of a particular registered party.” Why should it be \$5,000 in a municipal election? I mean, it boggles my mind. So we are asking that the limit be reduced from \$5,000 to \$1,500, which is still well in excess of what is allowed nationally.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you, Mr. Prue. Mr. Zimmer?

**Mr. David Zimmer:** We’re unable to support this. Look, what this does is shackle a single contributor who could then only make a maximum contribution to two candidates. Another result here is that it would make it very difficult for non-incumbent candidates to raise money.

**Mr. Michael Prue:** On the contrary, I think that’s not the case. The contributor could still make it to whomever he or she wanted. I mean, that’s the reality. Five thousand dollars will literally, in most of the municipalities in Ontario, allow them to give money to the maximum—

which is \$750—to everyone. That’s the entire council looked after.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you, Mr. Prue. Any further speakers?

**Mr. Michael Prue:** On a recorded vote, please.

Ayes

Prue.

Nays

Arthurs, Balkissoon, McNeely, Shurman, Sousa, Zimmer.

**The Acting Chair (Mr. Kevin Daniel Flynn):** That motion loses.

Moving on to number 78. Mr. Prue?

**Mr. Michael Prue:** Thank you very much. I can see that election reform is something that I’m going to have to work a lot harder on to actually ever see.

I move that section 8 of schedule 21 to the bill be amended by adding the following subsection:

“(36.1) The act is amended by adding the following section:

“Compliance with contribution limits

“71.1(1) This section applies for the purpose of ensuring compliance with the limits imposed by this act on contributions made to or for a candidate.

“Information

“(2) A candidate shall ensure that, for every contributor who is an individual, the following information is recorded and the record is kept:

“1. The name and business address of the contributor’s employer, if any.

“2. The name and business address of a trade union, if any, that holds bargaining rights for the contributor.

“3. The name and business address of any organization in Ontario with whom the contributor is affiliated.”

The rationale for this: Disclosure of the identity of each individual donor’s employer must be required. This is a requirement in US law, so that large corporations can’t hand out money to their employees and tell the employee, in turn, to donate the money to the party or candidate that the corporation is backing. It is to make sure that the money is not laundered down. So we are asking for the same thing.

The disclosure of each donor’s direct organizational affiliations must also be required to help ensure that corporations, unions and other organizations are not funneling donations through their employees, board members or members to fund candidates as a way of getting around the provisions that the government is attempting to somehow slightly modify.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Mr. Zimmer?

**Mr. David Zimmer:** We’re not able to support this. Clause 69(1)(f) requires a candidate to maintain all sorts of records relating to contributions. The requirement to



disclose an affiliation with any organization with whom the contributor is affiliated is too broad and too vague and in fact will raise various privacy concerns. It's just too vague and fuzzy here.

**The Chair (Mr. Kevin Daniel Flynn):** Any further speakers?

**Mr. Michael Prue:** A recorded vote.

**Ayes**

Prue.

**Nays**

Arthurs, Balkissoon, McNeely, Shurman, Sousa, Zimmer.

**The Chair (Mr. Kevin Daniel Flynn):** That motion loses.

Michael: number 79.

**Mr. Michael Prue:** I move that section 8 of schedule 21 to the bill be amended by adding the following subsection:

“(36.2) The act is amended by adding the following section:

“Prohibition: loans from corporations etc.

“75.1(1) The following persons and entities are prohibited from making a loan to or for any candidate:

“1. A corporation that carries on business in Ontario.

“2. A trade union that holds bargaining rights for employees in Ontario.

“3. Any other organization that engages in activities in Ontario.

“Exception

“(2) Subsection (1) does not prevent a bank or other recognized lending institution in Ontario from making a loan to a candidate or his or her spouse in accordance with section 75.”

The rationale for this is that loans to candidates from corporations, unions and all other types of organizations and loans from individuals must be limited to the same limits as donations, so that loans cannot be used to influence candidates.

This measure has not yet become federal law, but federal Bill S-6, section 6, proposes that the Canada Elections Act be amended to prohibit persons or entities from making a loan to a registered party or a registered association or from making a loan to a candidate, a leadership contestant or a nomination contestant in relation to the candidate or contestant's campaign or guaranteeing a loan. It will also prohibit official agents of candidates from borrowing money for the purpose of the candidate's campaign.

We are trying here to make this transparent so that people can donate and candidates can get money, but they have to get it from registered banks or other recognized lending institutions and not from individuals to whom they will subsequently be beholden. What is to stop somebody from giving a \$100,000 loan and then afterwards saying, “You don't have to pay me back”?

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any further speakers?

**Mr. Michael Prue:** On a recorded vote, please.

**The Acting Chair (Mr. Kevin Daniel Flynn):** A recorded vote has been called for.

**Ayes**

Prue.

**Nays**

Arthurs, Balkissoon, McNeely, Shurman, Sousa, Zimmer.

**The Chair (Mr. Kevin Daniel Flynn):** That loses.

Moving on to number 80: Mr. Zimmer.

**Mr. David Zimmer:** I move that subsection 8(38) of schedule 21 to the bill be struck out and the following substituted:

“(38) Subsection 76(5) of the act is amended by striking out ‘paragraphs 3 to 9’ and substituting ‘paragraphs 3 and 5 to 8.2.’”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Mr. Prue?

**Mr. Michael Prue:** Yes. Can you tell me why the change? Is this a change of intent or a change of omission, something that was forgotten?

**Mr. David Zimmer:** I shall get you the best possible answer, Mr. Prue.

**Mr. Michael Prue:** Thank you.

**Mr. David Zimmer:** Identify yourself and your position.

**Ms. Sarah Hoffmann:** My name is Sarah Hoffman. I'm a senior policy adviser with the Ministry of Municipal Affairs and Housing.

This was actually a change in intent. Prior to this motion, audit and accounting fees would have been added to the list of excluded expenses. This would keep them from being expenses that don't count towards a candidate's spending limit.

**Mr. Michael Prue:** And how is it that you became aware that this was a problem for it to be added later?

**Ms. Sarah Hoffmann:** I believe that—was it a Mr. Nayman appeared before committee—

**Mr. Michael Prue:** Yes, he did.

**Ms. Sarah Hoffmann:** —he raised this issue.

**1540**

**Mr. Michael Prue:** Is the city of Toronto covered by this government motion? It says they have a different act.

**Ms. Sarah Hoffmann:** The city of Toronto elections are administered under the Municipal Elections Act. They don't have separate election legislation.

**Mr. Michael Prue:** The city of Toronto, as recently as a day or two ago, was trying to—it had to do with a compliance audit committee; I guess it wasn't exactly on point here, but wasn't able to get it in. That's okay. It's probably a slightly different matter—

**Ms. Sarah Hoffmann:** I can't speak to that. I'm sorry.

**Mr. Michael Prue:** So it was left out. Mr. Nayman brought this to our attention, and you saw fit to make the change.

**Ms. Sarah Hoffmann:** Yes.

**Mr. Michael Prue:** Okay, thank you.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any further speakers? Seeing none, all those in favour? Those opposed? That is carried.

Moving on to number 81: Mr. Zimmer.

**Mr. David Zimmer:** I move that clause 77(b) of the Municipal Elections Act, 1996, as set out in subsection 8(40) of schedule 21 to the bill, be struck out and the following substituted:

“(b) the supplementary filing date is the last Friday in September; and”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Mr. Prue?

**Mr. Michael Prue:** Again, the act also changes the election date to the last Monday in October—no, not the last; the fourth. What’s the rationale?

**Mr. David Zimmer:** It prevents the supplementary filing date from falling on a weekend. It’s consistent with the word of the original filing date: the last Friday in March.

**Mr. Michael Prue:** The last Friday in March?

**Mr. David Zimmer:** That’s what it was originally.

**Mr. Michael Prue:** Okay, but now it’s in September. I’m just trying to understand it, because it’s—

**Mr. David Zimmer:** All right. I can do the first part. It prevents the supplementary filing date from falling on a weekend.

**Mr. Michael Prue:** Okay, but is it perilously close to election day, or am I reading this wrong? Or is it the following year?

*Interjection.*

**Mr. Michael Prue:** It’s the following year. Okay, thank you.

**The Acting Chair (Mr. Kevin Daniel Flynn):** We’re all on the same page. All those in favour? Those opposed? That is carried.

Okay, 82: That’s yours, Michael.

**Mr. Michael Prue:** I move that subsection 79(9) of the Municipal Elections Act, 1996, as set out in subsection 8(44) of schedule 21 to the bill, be amended by striking out “with respect to the 2010 regular election and”

This has to do with the surplus funds. The government, in the bill, is quite adamant and correct that the surplus funds ought not to be carried over to the subsequent election, but they are making a differentiation to those funds that are currently in municipal accounts for the next election. Therefore, it will be wrong and illegal for candidates in the 2014 municipal elections to carry these funds over and have the advantage, but it will be okay for candidates in the 2010 municipal election to do precisely the same thing.

I also have difficulty because, up until this point, candidates can carry over funds from any subsequent elections. There are people in this province who ran as candidates and had a surplus and who either chose not to run or were defeated in the next election who carried on the

surplus again and again and again. And we have some very real and pronounced instances, including a member of this Parliament in the last Legislature, who registered as a candidate and immediately withdrew in order to protect those funds. He was not a candidate in the last municipal election and conceivably may be a candidate in this election and is carrying over funds from two elections ago—quite sizable funds—and I’m not sure that that is in the best interests of democracy.

I fail to understand why, if the government acknowledges that it’s a thing that has to be stopped, it can’t be stopped in this particular election and why we have to wait four years in order to have what I consider this odious practice stopped.

**Mr. David Zimmer:** We’re not able to support this. It’s not reasonable to have the rules on the utilization of campaign surplus funds—make a rule today and have the rule apply retroactively.

The fact of the matter is, the expectation of the candidate and the contributor at the time the money was contributed—say, in 2006—was that money not spent could be carried forward in 2010. So we can’t, in fairness, make the rules retroactive, but on a going-forward basis we’ve addressed the problem.

**Mr. Michael Prue:** There are candidates, if I could—at least one that I am aware of in the city of Toronto already has more money in the city account than he is legally entitled to raise in this election. Is that fair to anyone else who wants to take him on? You cannot agree it’s fair. Are you saying you don’t want to do anything about it because those were the expectations?

**Mr. David Zimmer:** There’s a general principle that you do not make laws retroactive. Otherwise, Mr. Prue, we could pass a law tomorrow saying that today it was illegal for male members of the Legislature to wear black suits. That wouldn’t be fair to you, would it? That’s the principle of laws not applying retroactively, because people have no way to, in hindsight, govern their relationship. So on a going-forward basis, we have addressed the problem. We’ve preserved the principle that laws ought not to apply retroactively.

**Mr. Michael Prue:** So what you’re suggesting is, we can have one last unfair election campaign? Is that what you’re suggesting?

**The Acting Chair (Mr. Kevin Daniel Flynn):** Okay. Any further speakers?

**Mr. Michael Prue:** On a recorded vote, please.

**The Acting Chair (Mr. Kevin Daniel Flynn):** A recorded vote has been called for.

**Ayes**

Prue.

**Nays**

Arthurs, Balkissoon, McNeely, Shurman, Sousa, Zimmer.



**The Acting Chair (Mr. Kevin Daniel Flynn):** That motion loses.

Moving on to a Liberal amendment, number 83.

**Mr. David Zimmer:** I move that paragraph 2 of subsection 79.1(1) of the Municipal Elections Act, 1996, as set out in subsection 8(44) of schedule 21 to the bill, be amended by striking out “rule 1, 2, 3” and substituting “rule 2, 3”.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Speaking to the motion? No speakers. All those in favour? Those opposed? That is carried.

Moving on to number 84: David?

**Mr. David Zimmer:** I move that section 80 of the Municipal Elections Act, 1996, as set out in subsection 8(44) of schedule 21 to the bill, be amended by adding the following subsection:

“Notice of default

“(2.1) In the case of a default described in subsection (1), the clerk shall notify the candidate and the council or board in writing that the default has occurred.”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers to this? Seeing none, all those in favour? Those opposed? That motion is carried.

Number 85: David?

**Mr. David Zimmer:** I move that section 80 of the Municipal Elections Act, 1996, as set out in subsection 8(44) of schedule 21 to the bill, be amended by adding the following subsection:

“Notice to clerk

“(3.1) If a candidate makes an application under subsection (3), the candidate shall notify the clerk in writing before 2 p.m. on the last day for filing a document under section 78 or 79.1 that the application has been made.”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Seeing none, all those in favour? Those opposed? That is carried.

Number 86: David?

**Mr. David Zimmer:** I move that clause 81(12)(b) of the Municipal Elections Act, 1996, as set out in subsection 8(44) of schedule 21 to the bill, be struck out and the following substituted:

“(b) has the powers of a commission under part II of the Public Inquiries Act, which part applies to the audit as if it were an inquiry under that act.”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Seeing none, all those in favour? Those opposed? That carries.

The final amendment to this section: David?

**Mr. David Zimmer:** I move that section 8 of schedule 21 to the bill be amended by adding the following subsection:

“(44.1) Clause 81(12)(b) of the act is repealed and the following substituted:

“(b) has the powers set out in section 33 of the Public Inquiries Act, 2009 and section 33 applies to the audit.”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Mr. Prue?

**Mr. Michael Prue:** If I could ask the question again: Was this something that was in error or something that came out as a result of deputations or oversight?

**Mr. David Zimmer:** At the time the proposed new Public Inquiries Act, 2009, is proclaimed, this motion will also be proclaimed to update the cross-reference. It's a very technical explanation. Do you want to hear anything else?

1550

**Mr. Michael Prue:** No. It was nothing to do per se with the Elections Act; it's in order to make it in compliance with what we dealt with before on the Public Inquiries Act? Okay, thank you. That's good enough.

**The Acting Chair (Mr. Kevin Daniel Flynn):** All those in favour? Those opposed? That's carried.

Shall schedule 21, section 8, as amended, carry? Opposed? That's carried.

Shall schedule 21, sections 9 through 13 inclusive, carry? Those opposed? They're carried.

Shall schedule 21, as amended, carry? Those opposed? That is carried.

Moving on to schedule 22, section 1, shall schedule 22, section 1 carry? Those opposed? That's carried.

Schedule 22, section 2: Mr. Shurman, number 88.

**Mr. Peter Shurman:** I move that clauses 31(3)(a), (b) and (c) of the Fish and Wildlife Conservation Act, 1997, as set out in subsection 2(15) of schedule 22 to the bill, be struck out and the following substituted:

“(a) a moose, woodland caribou or American elk; or

“(b) a white-tailed deer or other wildlife prescribed by the regulations, unless the person harasses, captures or kills the wildlife in accordance with the authorization of the minister.”

The reason for this is that we strongly oppose the minister's authorization to issue kill permits for elk. We appreciate allowing landowners and farmers the ability to protect their property and livestock from nuisance animals using harassment techniques, but we are opposed to the issuance of kill permits for a recently reintroduced species of animal. It is especially alarming, considering that the MNR has not finished developing an elk management strategy for the province of Ontario. Future management options should first consider a controlled hunt for elk as a means to assist farmers and landowners, provide hunting opportunities for residents and to help stimulate revenues and local economies.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any further speakers to this? Mr. Zimmer.

**Mr. David Zimmer:** We're opposed to this.

**Mr. Peter Shurman:** Really?

**Mr. David Zimmer:** The reintroduction of elk in Ontario has been a very successful program. In fact, there are now circumstances in which there is no need to control elk to protect property from damage. Landowners would be required to obtain a permit that would specify appropriate control. MNR believes that this is a reasonable measure to take at this time and yet does not preclude an elk hunting season being introduced at some point in the future.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Mr. Prue.

**Mr. Michael Prue:** I understand that this regulation also reinstates the prohibition on night hunting of American elk. Is that true?

**Mr. David Zimmer:** I need a technical answer on that.

**Mr. Michael Prue:** I know.

**Mr. Peter Shurman:** Well, I can't answer that question.

**Mr. David Zimmer:** Would you like me to? All right. We don't want to steal your thunder.

**Mr. Peter Shurman:** There are no elk in Vaughan and Thornhill.

**Mr. Michael Prue:** Although there are deer in downtown Toronto.

**The Acting Chair (Mr. Kevin Daniel Flynn):** If you'd identify yourself and your position.

**Mr. Chris Badenoch:** My name is Chris Badenoch. I'm counsel to the legal services branch of the Ministry of Natural Resources. What was the question?

**Mr. Michael Prue:** Is part of what is being put in this schedule the prohibition of night hunting of elk?

**The Acting Chair (Mr. Kevin Daniel Flynn):** That may not refer to this amendment, but it's a question that's going to be put, obviously, at some point during the discussion, if you want to answer it outside the frame of this amendment.

**Mr. Chris Badenoch:** No, the amendment actually ensures that the authorization that is possible under 31(3) is also possible at nighttime.

**Mr. Michael Prue:** You'd better explain that to me.

**Mr. Chris Badenoch:** Sorry.

**Mr. Michael Prue:** It is possible to hunt at nighttime, and therefore you can hunt for American elk at nighttime?

**Mr. Chris Badenoch:** The amendment to section 20 simply reflects the amendment to subsection 31(3), so that if a person receives an authorization in a case where they're anticipating damage to their property, the authorization could cover a person and allow them to harm, harass or kill an elk at night.

**Mr. Michael Prue:** So a person could get a permit to harm, harass or kill an elk at night?

**Mr. Chris Badenoch:** Right. The authorizations possible under 31(3) can extend into the evening, into nighttime.

**Mr. Michael Prue:** And the Ministry of Natural Resources or the minister can give that authorization?

**Mr. Chris Badenoch:** Yes.

**Mr. Michael Prue:** Okay.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Okay? The answer is yes. So, getting back to the amendment, are you speaking to the amendment?

**Mr. Michael Prue:** No, no. This is now to the member from Thornhill. The motion that you put—you put in the authorization to continue to allow a person, with authorization, to harass, capture or kill wildlife in accordance with this authorization. I guess you agree with that.

**Mr. Peter Shurman:** Yes.

**Mr. Michael Prue:** Okay. Killing animals at night—I don't know. I'm just worried more about the safety factor than anything else, but okay.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Okay? Any other speakers to amendment number 88?

**Mr. Michael Prue:** I do have to say I'm a little bit surprised that the American elk has rebounded so well. My parents had a house for many years, and I spent a lot of time around the Bancroft area, where the elk were reintroduced. I don't think they're all that plentiful, to date, that we can afford to take what was an endangered or extirpated species, in just a couple of years, and authorize their being shot at night, or any other time, at the behest of the minister. I do acknowledge that they would occasionally, from time to time, cause damage on farms or to crops, but I must say I'm really surprised they are existing in such numbers that we can start to get rid of them.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you, Mr. Prue. Any further speakers? All those in favour of the motion?

**Mr. Peter Shurman:** Recorded, please.

**Ayes**

Shurman.

**Nays**

Arthurs, Balkissoon, McNeely, Sousa, Zimmer.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Amendment 88 loses.

Mr. Shurman, number 89.

**Mr. Peter Shurman:** I move that subsection 31(7) of the Fish and Wildlife Conservation Act, 1997, as set out in subsection 2(15) of schedule 22 to the bill, be amended by striking out "American elk."

**Mr. David Zimmer:** And it's the same affected—

**Mr. Peter Shurman:** It's the same.

**The Acting Chair (Mr. Kevin Daniel Flynn):** It appears to be. Any further speakers? It's the same. All those in favour?

**Mr. Peter Shurman:** Recorded.

**Ayes**

Shurman.

**Nays**

Arthurs, Balkissoon, McNeely, Sousa, Zimmer.

**The Acting Chair (Mr. Kevin Daniel Flynn):** That loses.

Moving on to number 90, Mr. Shurman.

**Mr. Peter Shurman:** I move that subsection 2(17) of schedule 22 to the bill be struck out.



**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you. Any speakers to it?

**Mr. Peter Shurman:** Yes. This speaks to the same as what we mentioned before.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you. A recorded vote?

**Mr. Peter Shurman:** Yes.

**Ayes**

Shurman.

**Nays**

Arthurs, Balkissoon, McNeely, Sousa, Zimmer.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you. That loses.

Moving on to number 91: Mr. Shurman.

**Mr. Peter Shurman:** I move that subsection 2(30) of schedule 22 to the bill be struck out.

I will just briefly mention that Bill 212 adds an enabling paragraph to the Fish and Wildlife Conservation Act for a minister's regulation relating to the feeding of wildlife. Our motion for schedule 22 amends Bill 212 by removing the paragraph, because we are opposed to any future regulation that obstructs hunting or limits hunting opportunities while serving no beneficial conservation purpose.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you. Any further speakers?

**Mr. Michael Prue:** Perhaps the government or someone can explain this to me. It seems to me logical that a minister or the MNR would be able to prohibit the feeding, as an example, of bears in a particular location, because bears start to lose their fear of people and start wandering into towns like Sudbury and Timmins. When you travel with the finance committee, you often get people who come out and say something has to be done about that. Is that the intent, that the minister would continue to be able to prohibit the feeding of wildlife where that will cause the wildlife to come into proximity with human habitation and invariably end up getting killed? Is that what this is about?

1600

**Mr. David Zimmer:** Let me have a go and then you might want to expand on it.

We're opposed to this. Here is some reasoning: The amendment, as originally proposed in Bill 212, provides a regulatory authority to control the feeding of wildlife in circumstances where the health or sustainability of wildlife is compromised or where there is a public safety issue. Feeding of wildlife can lead to the congregation of animals and could consequently result in the spread of contagious wildlife diseases. This amendment, as originally proposed in Bill 212, is necessary to provide a tool to limit and control the feeding of wildlife in unique circumstances where animal health or public safety is at risk.

**Mr. Michael Prue:** But could include bears?

**Mr. David Zimmer:** Expert?

**Mr. Chris Badenoch:** Yes.

**Mr. Michael Prue:** Okay, thank you.

**Mr. David Zimmer:** It sounds reasonable.

**Mr. Michael Prue:** Then I understand what it's for. Okay.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Are there any further comments on number 91? All those in favour?

**Mr. Peter Shurman:** Recorded voted.

**Ayes**

Shurman.

**Nays**

Arthurs, Balkissoon, McNeely, Prue, Sousa, Zimmer.

**The Acting Chair (Mr. Kevin Daniel Flynn):** That loses.

Shall schedule 22, section 2, carry? Those opposed? That's carried.

Moving on to schedule 22, section 3 through—

*Interjection.*

**The Acting Chair (Mr. Kevin Daniel Flynn):** Schedule 22, section 3, amendment 92: Mr. Zimmer.

**Mr. David Zimmer:** I move that subsection 5(1) of the Forest Fires Prevention Act, as set out in subsection 3(5) of schedule 22 to the bill, be struck out and the following substituted:

“Officer's right of entry

“(1) Subject to subsection (2), an officer may enter into and upon any lands and premises for the purposes of this act or for the purpose of inspecting the site of a fire to determine its cause and circumstances.”

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Seeing none, all those in favour? Those opposed? That is carried.

Shall schedule 22, section 3, as amended, carry? Those opposed? That's carried.

Shall schedule 22, sections 4 through 10 inclusive, carry? Those opposed? That is carried.

Schedule 22, section 11, amendment number 93: Mr. Zimmer.

**Mr. David Zimmer:** I move that subsection 27(5) of the Surveyors Act, as set out in subsection 11(43) of schedule 22 to the bill, be amended by striking out “subsection (2)” and substituting “subsection (6).”

This corrects a drafting error.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any speakers? Seeing none, all those in favour? Those opposed? That is carried.

Shall schedule 22, section 11, as amended, carry? Those in favour? Those opposed? That is carried.

Shall schedule 22, section 12, carry? Those opposed? That's carried.

Shall schedule 22, as amended, carry? Carried.

Moving on now to schedule 23, we can do 1 through 9. All those in favour? That's carried.

Shall schedule 23 carry? Those opposed? That is carried.

Shall all of schedule 24, sections 1 through 7 inclusive, carry? Carried.

Shall schedule 24 carry? Those opposed? That's carried.

Schedule 25, 1 through 6 inclusive? Those opposed? Carried.

Shall schedule 25 carry? Those opposed? That's carried.

Shall schedule 26, sections 1 and 2 inclusive, carry? Those opposed? That's carried.

PC motion number 94 on schedule 26, section 3: Mr. Shurman.

**Mr. Peter Shurman:** I move that subsection 3(14) of schedule 26 to the bill be struck out.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Thank you. Speaking?

**Mr. Peter Shurman:** Yes. The intent of section 215 of the Highway Traffic Act is to allow judges the option to suspend a fine in whole or in part on the condition that the person completes a driver improvement program. There is no reason to repeal this section, thereby removing that option for judges. Section 215 is intended to produce better drivers by allowing judges the option to impose a penalty of completing a driver education course instead of a fine or part of a fine for specific driver infractions. To repeal it is to take away the judge's option and the judge's discretion in seeking to improve driver skills.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any further speakers?

**Mr. David Zimmer:** We're unable to support this amendment. The bill deletes section 215 of the Highway

Traffic Act, which sets up an alternative disposition of some traffic offences through driver improvement programs. The PC motion would retain that potential program. But here are the facts of the matter: The driver improvement program is no longer in use. Including it within the Highway Traffic Act is no longer needed. Further, the provision was only authorized for use in the city of Toronto and, in fact, is no longer in use there.

**The Acting Chair (Mr. Kevin Daniel Flynn):** Any further speakers? Seeing none, all those in favour?

**Mr. Peter Shurman:** Recorded, please.

#### Ayes

Prue, Shurman.

#### Nays

Arthurs, Balkissoon, McNeely, Sousa, Zimmer.

**The Acting Chair (Mr. Kevin Daniel Flynn):** That motion loses.

Shall schedule 26, section 3, carry? It's carried.

Schedule 26, sections 4 through 9, inclusive: Shall they carry? Carried.

Shall schedule 26 carry? Carried.

Okay. At the start, we set aside sections 1, 2 and 3. Shall sections 1, 2 and 3, inclusive, carry? That's carried.

Shall the title of the bill carry? Carried.

Shall Bill 212, as amended, carry? Carried.

Shall I report the bill, as amended, to the House? That's carried.

Thank you. We are adjourned.

*The committee adjourned at 1605.*





## CONTENTS

Thursday 26 November 2009

<b>Good Government Act, Bill 212, <i>Mr. Bentley</i> / <b>Loi de 2009 sur la saine gestion publique</b>, projet de loi 212, <i>M. Bentley</i>.....</b>	<b>F-895</b>
Ms. Lisa Minuk, counsel, court services division, Ministry of the Attorney General	
Mr. Paul Korn, senior counsel, employment law and governance group, Ministry of the Attorney General	
Mr. Tim Hadwen, legal director, labour practices group, Ministry of the Attorney General	
Ms. Catherine Brown, assistant deputy minister, HR management and corporate policy division, Ministry of Government Services	
Mr. Liam Scott, legal counsel, Ministry of Health and Long-Term Care	
Ms. Sarah Hoffman, senior policy adviser, municipal governance policy section, Ministry of Municipal Affairs and Housing	
Mr. Chris Badenoch, legal counsel, legal services branch, Ministry of Natural Resources	

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